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2
3 IN RE THE MEETING OF THE)
4 BAY-DELTA ADVISORY COUNCIL)
5 _____)

6
7 ORIGINAL
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10 TRANSCRIPT OF PROCEEDINGS

11 Beverly Garland Hotel

12 1780 Tribute Road

13 Sacramento, California
14

15 Thursday, March 21, 1996 at 10:05 a.m.
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20 REPORTED BY: MELISSA LYNN HILL, CSR NO. 9613
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E-012547

1 APPEARANCES:

2 Council Members:

3 MICHAEL MADIGAN, Chairman

4 SUNNE MCPEAK, Vice Chairperson

5 ROBERTA BORGANOVA

6 ALEX HILDEBRAND

7 LEE LEHMAN

8 DON BRANSFORD

9 MARY SELKIRK

10 JUDITH REDMOND

11 PIETRO PARRAVANO

12 MIKE STEARNS

13 MARCIA SEBLAN

14 PAT MCCARTY

15 MIKE MCDONALD

16 ERIC HASSELTINE

17 LESTER SNOW

18 SHARON GROSS

19 STUART PYLE

20 TIB BELZA

21 ROGER PATTERSON

22 RAY REMY

23 STEVE HALL

24 RICHARD DAMURIAN

25 --o0o--

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1 APPEARANCES (continued):

2 ROSEMARY KAMEI

3 BOB RAAB

4 HAP DUNNING

5 ANNE NOTTHOFF

6 --o0o--

7 Also Present:

8 GARY BOBKER

9 DICK DANIEL

10 ED PETRY

11 ZACH MCREYNOLDS

12 MARY SCOONOVER

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Dick Daniel 36
Zach McReynolds 91
Mary Scoonover 105

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1 (Whereupon the BDAC meeting was called to order
2 off-the-record after which the following proceedings
3 were had at 10:05 a.m.):

4 MR. SNOW: well, the issues that Dick would be
5 addressing are related to the issues from the March 5th
6 letter. The primary issue raised in a letter I received
7 yesterday had to do with providing adequate time for review
8 as we moved to the short list.

9 MR. DUNNING: I think there are items that were
10 mentioned as foundational questions of the adequacy of the
11 restoration targets and then this matter of essential
12 elements.

13 MS. MCPEAK: And are you comfortable then having
14 that discussed under the habitat strategy? Do you not want
15 to -- what I'm trying to see is if we can't get the issue you
16 raised discussed. The question is when do you want to do it
17 on his agenda, Hap?

18 MR. DUNNING: Let's do it now.

19 MS. MCPEAK: Good. How do you want to approach
20 it?

21 MR. DUNNING: well, since this letter just came in
22 to Lester yesterday and hasn't been distributed to BDAC,
23 maybe Gary Bobker, the author who wrote it on behalf of the
24 Environmental Water Caucus, might like to make a comment.
25 Would that be in order?

1 draft alternatives sustaining operations of particular
2 Bay-Delta fish and wildlife species. Hap, it's your concern
3 it hasn't been adequately addressed. You don't think that
4 specific is in the process.

5 MR. DUNNING: well, there's a lengthy letter that's
6 in the comment package. It's the letter of March 5th. I
7 take it in our agenda now we're trying to have some
8 interchanges to our reaction on all these comments, that one
9 included.

10 You know, I think that letter is really related to
11 the other letter. The timing question is related to the
12 matter of the alternatives. I don't have a statement to make
13 beyond that letter. If you want to hear from Gary to
14 elaborate on it, that would be fine or to answer questions.
15 But maybe more important is to get the response of members of
16 BDAC on these points.

17 MS. MCPEAK: okay. Let's have Lester comment, then
18 if anybody else wishes to comment on the specifics in the
19 letter, let's get those on the table.

20 Lester.

21 MR. PYLE: sunne, I'm probably the only one who
22 hasn't seen the letter, and I just wonder if there's any way
23 that we all know what everybody is talking about.

24 MS. MCPEAK: it's in the packet, Stu, that was
25 sent --

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1 MS. MCPEAK: This is the letter that talks about
2 enough time for review.

3 MR. DUNNING: Right.

4 MS. MCPEAK: Okay.

5 MR. DUNNING: But it relates to -- I mean, the
6 reason for questioning the rapidity with which things are
7 done is concern over the adequacy of what's been done and
8 making the foundation.

9 MS. MCPEAK: well, let me -- okay. Why don't we --
10 that issue just came in. We didn't have a chance to go
11 through it in the packet, and that comment will pick up
12 either at the end of the meeting or in next meeting of BDAC
13 because we'll have all of the letters circulated.

14 The packet we all received has the May -- the March
15 5th letter in it that I thought was addressing the issues you
16 raised earlier about a solid enough foundation for habitat
17 restoration for management of resources.

18 And what I'm asking is do you want to further
19 comment and have Gary address this as specifics? For
20 example, the question is raised are we talking about in
21 restoration objectives related to Bay-Delta fish and wildlife
22 species. That kind of a comment that came in, Lester. It's
23 the first question which I think is going to an example of a
24 specific that Hap says hasn't yet been addressed in the
25 objectives. How would you respond? The question is, are

1 MR. PYLE: I haven't been home for four or five
2 days.

3 MS. MCPEAK: okay. Let's get a packet for -- can
4 someone get a packet for Stu of the letters that we were
5 sent? In the meantime --

6 MR. PYLE: Does everybody else have it?

7 MS. MCPEAK: yes, we were all sent it. Okay. How
8 many people do not have the packets of comments that were
9 mailed out? Raise your hands. There's one, two, three, four
10 five. And you do have it?

11 MS. GROSS: I was given a copy.

12 MS. MCPEAK: okay. Then we need to get packets up
13 here. Eric, are you raising -- are you getting packets for
14 everybody or are you raising your hand you don't have one?
15 You don't have one. Okay. Then we probably can't all have a
16 productive exchange, but maybe we can get Lester's comments
17 on the two that have been raised and, Roberta, I would like
18 to have your input.

19 Lester.

20 MR. SNOW: Our thought was -- I mean, in the
21 different kinds of comments we've gotten, some are very
22 specific and there are no answers to them today. Others of
23 the questions that we -- or comments that have been raised
24 bring up some fundamental policy issues or structure issues.
25 It was our thought that we could deal with those

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1 policy and structure issues because that's the point in the
2 program where we are at this time. And, for example, on the
3 habitat issues, while one of the questions is -- or comments
4 that have been raised is we'd like to see precise targets for
5 kinds of habitats like 53,000 acres of shaded riverine, we're
6 not at a point to answer that question.

7 However, we can discuss the issue, the broader
8 policy issue that's embodied there which is what is the
9 strategy or vision for restoring ecosystem health, how does
10 adaptive management fit in, you know, and how do we move
11 through a program that can get us those kinds of numbers and
12 certainty.

13 And it was our thought on that specific issue that
14 we're talking about that we could have a discussion about
15 some of those policy issues, and perhaps that leads to
16 creation of a work group to then pursue these kinds of issues
17 because today there are no answers to is 53,000 better than
18 35, etcetera.

19 MS. MCPEAK: Roberta?

20 MS. BORGANOVA: I just wanted to go back and
21 reiterate what Lester said when he talked about the comments,
22 and I think that's what Hap's referring to.

23 You talked about the vision of the ecosystem and of
24 other areas that the staff would be putting together. And I
25 think our concern was that once that vision is put together,

1 then Anne.

2 MR. DUNNING: well, just to continue on that line,
3 Sunne, Item B in the letter of March 5th maybe is one to take
4 as an example where the suggestion is that the CALFED program
5 core actions do not adequately capture many essential
6 elements common to all alternatives necessary to the
7 specifics of long-term solutions and then there's a whole
8 long list of specifics. And that's I think where the timing
9 question comes, because the point is if so far there hasn't
10 been an adequate capturing of these essential elements, then
11 maybe that needs to be done before moving on toward the short
12 list.

13 MS. MCPEAK: Anne.

14 MS. NOTTHOFF: I was going to say that this
15 discussion kind of follows on the discussion that we started
16 in L.A. and then was talked about again at the February 26th
17 workshop where the difference between a core action and an
18 essential element. And I think certainly moving from 20 to
19 10 where the -- a lot of the ideas in the 20s were -- or in
20 all 20 were collapsed into 10, that made some sense. But
21 this next stage is really where we have to be very careful
22 and get all of the -- you know, as much quantification and
23 measurable analysis as we can to get down to the smaller
24 number that's really going to get the extensive review.

25 And I would just like to hear a little more from

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1 even though there may not be all the specifics that we would
2 want, will there be time for input before we get screened out
3 of those five. I mean, that's the worry that I've heard that
4 that screening process is going to take place before you have
5 that vision out there that all of us can see.

6 And so if -- what I heard from you this morning,
7 Lester, is that you're open to not getting that far off your
8 schedule but allowing that kind of input. That was I think
9 is -- would address the second letter that Gary just sent in
10 for the environmental group.

11 MS. MCPEAK: Can I ask a question, Roberta? The
12 letters and the comments that were submitted are not
13 quarreling with the vision as it's been defined so far, the
14 four basic objectives. It's the next level of specificity?

15 MS. BORGANOVA: It's really saying that -- it
16 doesn't give you an idea of what is the ideal. And the
17 environmental community feels that there should be an ideal
18 for ecosystem restoration. I think that there's a sense that
19 the urban people have a sense of what they need for their
20 supply. I think that the water quality issues have been
21 articulated by some of the other groups. And so it's that
22 vision so that you could see what the ideal is. And having
23 it articulated before that narrowing is really the timing
24 question I think that Hap was trying to address this morning.

25 MS. MCPEAK: Okay. Hap is going to respond and

1 you, Lester -- I'm sorry I came in a bit late -- but about
2 how you see the difference between core action and an
3 essential element and how -- and maybe if we have a better
4 understanding of how those -- how your viewing of the
5 essential element would help us understand how we move past
6 this point.

7 MR. SNOW: I'll respond to that also.

8 Is Dick Daniel here?

9 MR. DANIEL: No.

10 MR. SNOW: Okay. Dick, why don't you go ahead and
11 get your stuff to deal with the habitat strategy issue
12 because I think that's -- yes, I'll respond to the essential
13 element comment.

14 From our perspective, again, what I said earlier
15 was that we kind of got the comment that people agree with
16 the core actions but found them a bit anemic or whimpy. And,
17 in fact, that was the idea for core actions. Core actions
18 were to be those kinds of actions that there's a broad
19 agreement that already exists that they need to move
20 forward. They need to move forward this afternoon, not wait
21 for this program, not wait for anything.

22 And the other concept that has come is that's not
23 enough. We need to see more that need to be common to all
24 the alternatives, but there might not be total agreement at
25 this point or perhaps more important they're not going to

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1 move forward this afternoon. Additional work needs to be
2 done to get those moving forward. And the concept -- or the
3 phrase was coined "essential elements."

4 And so what we have tried to develop in each of the
5 ten alternatives is essential elements. And the way that
6 works in the staging that we have gone to is essential
7 elements is roughly staged in all of the alternatives. And
8 so it furthers habitat restoration. It may include some
9 storage that's necessary that provides both ecosystem and
10 supply benefits. It includes I think in most cases
11 additional water pollution control actions. And so it can be
12 a level of implementation that moves everybody further down
13 the road.

14 And so we tried to capture that issue, and it's
15 certainly something that will get a great deal more attention
16 as we move to a short list. And so, again, if you think of
17 the Stage II in each of the alternatives, that is really the
18 essential elements we're talking about; those that you would
19 implement beyond core.

20 MS. NOTTHOFF: So those are more identifiable now
21 as we have layers in the alternatives? We'll see them as
22 a ...

23 MR. SNOW: Yes, much more identifiable.

24 MS. MCPEAK: Lester, today we have an item called
25 Draft Alternatives. We're going to be discussing this. If

1 Judith is yielding to you.

2 MR. SNOW: No, I yield to Judith.

3 MS. REDMOND: I just have some concern about -- in
4 agreement with Hap about maybe putting some of the discussion
5 on the table about this core actions and essential elements.
6 We had concern about the implementation of water markets, for
7 example, and saw that when the poll of BDAC members took
8 place, there was an agreement amongst BDAC that that should
9 be a core item. Even though it was put on as a core item, I
10 think that that reflected a level of concern about the way
11 that water transfers and water markets would be implemented
12 and the impact that might have on communities in transferring
13 areas.

14 I see from your definition of "essential elements"
15 and looking at the ten alternatives that ag land, a
16 significant amount of agricultural land retirement has been
17 put into Stage II of almost every single alternative, so it
18 must be that now that has been defined as an essential
19 element.

20 Again, that's something that we haven't discussed
21 as a group, and I think it's something that we have serious
22 concerns about in terms of how that would be implemented.
23 The conception that exists at both the state and federal
24 level in terms of implementing ag land retirement doesn't
25 take into account any of the impact of ag land retirement on

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1 not today, and the time may be limited, perhaps the next
2 agenda could include under the Alternatives Refinement
3 Process a focus on the core element -- the core components
4 and the essential elements because what I'm really hearing is
5 that there is a concern that perhaps more actions could be
6 included in core. And where we haven't had consensus, you're
7 saying, well, we would put them in essential because they
8 need to have more work done. The dialogue really is around
9 how much can we agree to. How much can we agree to would be
10 done no matter what other alternatives.

11 And I think that's -- we're going to get more
12 information when we look at framing specific issues. I'm
13 just suggesting, Mr. Chairman and Lester, that we pull that
14 out and try to approach it, if not today, at the next
15 meeting, reviewing again the core actions and the items that
16 have emerged as essential. And everybody has their idea of
17 maybe what should be candidates for core or added to the
18 essential elements.

19 And regardless of the terminology, what we're
20 looking at is how much can we agree to would be in these
21 alternatives. That would be a step. And we can go through a
22 consensus process to see who would take something off, who
23 would add something and what would it take to make it
24 acceptable.

25 Judith, and then Lester can respond. Lester,

1 the communities that exist on the west side of San Joaquin
2 Valley.

3 So although there may be some agreement that some
4 level of ag land retirement is a good idea, I think there are
5 probably serious concerns about how such a program would be
6 implemented.

7 MS. MCPEAK: Lester.

8 MR. SNOW: Well, a couple of separate thoughts to
9 kind of track on the conversation. But, actually, what
10 Judith has raised are, in fact, the fundamental policy issues
11 that we wanted to get clarified today and, in fact, perhaps
12 moved to work groups so that BDAC and stakeholders and staff
13 types can have an exchange on this as we move along, because
14 these are not issues we're going to resolve in 30 days.
15 These are issues that we need to continue to have a
16 discussion about how they fit in, what they are. That's why
17 we had identified water transfers as one of those fundamental
18 policy issues as well as demand management, proper roles, how
19 you approach it. And so we want to get those issues out. We
20 want to be able to facilitate, not suppress, an open
21 discussion of those issues perhaps through a work group
22 approach.

23 Now, just to add for clarity, if you looked in your
24 BDAC packet back in the Alternatives, and in Alternative A
25 there's a staging chart that looks like this. It's like a

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1 bar chart. And just one general comment on the staging. The
2 staging does a couple of things. One, it shows how you might
3 sequence this over time. And then also when you're in the
4 middle of your financial discussions, you can show increments
5 that you can fund individually, depending on how quickly you
6 have money, how much money you can bring to bear at any given
7 point.

8 But it's that second box in each case, the second
9 stage, that is -- in Alternative 1, the chart that is in --
10 or, excuse me, Alternative A in the Alternative section of
11 the packet.

12 MS. BORGANOVA: You would have that phasing for
13 every alternative. You just did it for two or three so we
14 could see how it would look.

15 MR. SNOW: We did it for two as examples, but even
16 in the narratives in the others, there's some indication of
17 what kind of staging would take place.

18 And it's the second box that we have put an arrow
19 on and said "essential elements" that's starting to surface
20 as we sift through comments and look at the way programs lay
21 out as these types of more aggressive actions that achieve
22 more specific results than the core actions, keeping in mind
23 that a lot of the core actions are related to existing
24 programs that need to move forward immediately. Then that
25 next box or "essential elements" are things that are starting

1 MR. DUNNING: Before we leave the topic of the
2 comments received, there was one specific point in the letter
3 submitted yesterday by the environmental group, and I'd like
4 to ask Lester about his reactions.

5 Specifically the letter said, "We urge you to
6 reconsider the original CALFED schedule in order to allow
7 sufficient time for these issues to be resolved," referring
8 to some of the various issues we talked about, about
9 restoration targets, essential elements and so forth.

10 And I wonder specifically, Lester, what your
11 response is to that urging.

12 MR. SNOW: I guess I simply take the comment as a
13 indication of concern and we will evaluate as we move
14 forward. Obviously, if we set up the screening structure and
15 as people see the screening they all love the results of the
16 screening, there's no need to delay. If we move forward and
17 there's a broad concern about the way the screening is taking
18 place or the results of the screening, then we'll have to
19 reconsider that.

20 So it's not the kind of comment that immediately
21 sends us to say, okay, now we're going to change it to July
22 1st. To me it's a caution, and as I said earlier, it's not a
23 caution that has simply come from the environmental
24 community. Others have raised it just simply saying we want
25 to make sure we have enough time to do justice to this

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1 to look like they're common to all of the programs.

2 What we see happening with the kinds of policy
3 issues we've identified on the agenda today, as you work
4 through the policy implications of water transfers, of demand
5 management, of habitat strategy, it can start having the
6 effect of changing the way you look at essential elements.

7 So we have something out there, but it was our
8 intent to get the stakeholder community, the BDAC members
9 engaged in the policy discussions around those kinds of
10 issues.

11 MS. MCPEAK: It does appear that we have begun to
12 get into the discussion that you expected we would have under
13 framing the issues and that those concerns have -- that have
14 been raised with respect to comments submitted and issues yet
15 to be fully addressed that have been of concern for many of
16 the members perhaps we can get out on the table.

17 I'm saying that because I recognize I've already
18 failed to keep us on schedule and that the very next item was
19 Solution Principals that maybe would help us with setting the
20 stage on the discussion on the specific items that we were
21 intending to get into.

22 So I'd like to ask permission to move this along
23 but take Hap, and then also recognize Chairman Madigan for
24 comments.

25 Hap.

1 important process.

2 And so I think that's a good point that's been made
3 and we need to be cognizant of it.

4 MS. MCPEAK: Gary, let's take one comment from you
5 and then we are going to move the agenda. And as we go
6 through today, if we are at a point at the end of the agenda
7 where we haven't made progress as you're satisfied or that
8 you don't think it's sufficient progress on some of these
9 issues, I'd like to revisit your opinion and give feedback to
10 Lester on the schedule. Gary.

11 MR. BOBKER: Sure. I'll make it very brief.

12 I think it's appropriate to address some of these
13 foundation issues of division of the ecosystem we want, the
14 essential elements, some other components as we go through
15 substantive discussions of the strategies. I think it's
16 important to raise it here now because as we go through those
17 discussions, I think that we need to assess what it's going
18 to take to resolve them, whether we can do that in the time
19 period that we have in the original schedule or not. And I
20 don't think that anybody is proposing specific that we have
21 to extend it 1 day or 12 or 100.

22 I think the point is that there's some, as you say,
23 insecurity about whether we can and need to address what the
24 solution -- the process for solving those issues or resolving
25 those issues is. That's extremely important because the main

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1 point of the letter that I want to stress is that until we
2 deal with the foundation issues, until we know -- have a
3 general broad vision, more than just broad goals, but a more
4 articulated vision of the ecosystem, of the restored
5 Bay-Delta that we want to see, until we at least know the
6 essential elements, perhaps not the whole comprehensive
7 system of implementing them but agree on those essential
8 elements, it is going to be very difficult to evaluate the
9 alternative -- the Draft Alternatives.

10 So I think that until we resolve these issues, it's
11 going to stall the further selection of alternatives. And it
12 calls into question whether we can get to the three to five
13 until we adequately address these foundation issues. So
14 that's something we should really keep in mind as we go
15 through the discussions today; what will it take to resolve
16 those foundational issues and then let's see what that
17 translates to in terms of scheduling. Thanks.

18 MS. MCPEAK: Thank you, Gary. As we proceed, let
19 me invite Chairman Madigan to share some words of wisdom on
20 our role and what we're attempting to do here today.

21 Mike.

22 CHAIRMAN MADIGAN: Thank you, Sunne, and I
23 appreciate the job you're doing here this morning.

24 Steve Hall had a very interesting briefing here a
25 few days ago regarding the CALFED process. And he had

1 And what we are just today beginning to see is this
2 evolution in the role of each of you around here. You are
3 now required to be more of a spokesman for your positions,
4 more active in your involvement. We spent a great deal of
5 time around here working on process. That was important.
6 One, because we need to have a sense of process around here.
7 We need to know how we're kind of going to get there. And
8 that required that all of you spend a lot of time listening
9 and reading stuff and maybe attending workshops and offering
10 brief comments occasionally.

11 But we've pretty well worked our way through that
12 process question. Certainly there will be questions of time,
13 timing and timeliness as we go through this. And if we find
14 ourselves at points where we need a little more time in order
15 to develop that consensus, we'll probably have to try to find
16 it somehow. But the basic process I think has been
17 established, and you all have been a part of that and there
18 is some generalized level of agreement as to how this thing
19 works.

20 Now we have to take that process and you have to
21 take that process, and we have to, as a group, begin to start
22 resolving these various very substantive issues that surround
23 the various alternatives that once we get down to this list
24 of ten, it isn't going to be any longer a matter of combining
25 things as Anne was noting earlier, that we can take 20 and

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1 Senator Costa at lunch and he had Director Kennedy early in
2 the morning and he had Mr. Snow and he had a panel of some of
3 us BDAC types and some other things. It was a very
4 interesting day.

5 One of the questions in the panel discussion that I
6 was asked is what's the role of BDAC. And I want to
7 reiterate that today because I think it's important as we
8 understand that the role of each of you is changing here,
9 that there is still a consistent role for the BDAC in where
10 we're headed.

11 Our job around here is to take this series of
12 professionally developed alternatives and evaluate them from
13 our own very different viewpoints and represent those
14 viewpoints and yet being strong advocates and representatives
15 of those viewpoints to achieve a high degree of consensus,
16 perhaps not unanimity, but certainly a high degree of
17 consensus around here with the stakeholders who were actively
18 involved in this to get us to the point where we could make a
19 series of recommendations to the CALFED process, that process
20 that represents that consensus so that they can move forward
21 to all of the other organizations that they have to report
22 to, both state and federal and ultimately the people of
23 California in such a way that those different agencies and
24 those different publics can achieve a level of comfort that
25 there is this high degree of consensus. That's not easy.

1 reduce it to 10 simply by adding a line here or making
2 something consistent through two or three. We're getting to
3 the point where that's not possible anymore.

4 While I think that we will continue to have a
5 well-structured process in Phase II, we are nevertheless
6 moving toward this level of conversation, debate, discussion
7 that we haven't previously, at least in this forum, attempted
8 to come to grips with.

9 It is it seems to me particularly important that on
10 those occasions when you are not able to attend this
11 meeting -- and I certainly hope that all of you will make
12 every effort to attend as much of this as you can because
13 there aren't voting alternates in this organization -- but
14 that if for some reason you really can't be here, that you
15 make sure that there is somebody here in this room that
16 cannot only listen but has a knowledge and can be
17 representative of your views.

18 I note Jim Blake sitting here in the front row
19 today from MWD. I was informed that Jack Foley had a meeting
20 today that he absolutely 100 percent could not miss. Well,
21 I'm really appreciative that Jim has taken the time to drag
22 himself up to Sacramento one more time as the chairman of
23 MET's Bay-Delta Committee to be here to not only to listen
24 but to be here as a resource during these discussions for the
25 MET view.

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1 And as those of you in similar circumstances and
 2 situations because, you know, the kid's graduating from
 3 college that day or the -- you know, whatever other really
 4 critical thing there is, that we don't create a situation
 5 around here where we have a delay simply because critical
 6 elements of this process, which is you, haven't got the
 7 information that you need in order to make decisions and
 8 compromises because that's where -- that's where it's going
 9 to get for us to develop that consensus.

10 The staff is going to do a lot of work here in the
 11 future. They're not only developing the issues and providing
 12 the data, but they're going to continue to refine those
 13 things, and they're going to try to find ways to continue to
 14 make combinations of ingredients of products as we get our
 15 way down from ten down to a fewer number. But the consensus
 16 will only be reached around here.

17 You have a dual role representing your constituency
 18 but helping us get to that consensus. This is really --
 19 today is the start of the rest of the process. I expect
 20 everybody here to be an active participant because you all
 21 have really important constituencies that you represent. I
 22 don't know that -- well, I'll ask: Are there any questions
 23 about how it is that we should be moving forward from here?
 24 I don't think there should be. You guys know the deal.

25 Stu?

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1 MR. PYLE: My question is how do you see us as
 2 participating? You know, there's -- do you think we should
 3 use the written word? Should we make soft, logical comments
 4 here? Should we raise our voices and be emotional? What do
 5 you think our -- how we should carry this out.

6 CHAIRMAN MADIGAN: You should always I think make
 7 every effort to make your comments in writing. Sunne said
 8 that earlier. Lester has said that as well. I think that's
 9 really important. And, Stu, you've been really good about
 10 that in terms of sending up written material for people to
 11 look at, and we should all do that.

12 MR. PYLE: I've got more I haven't printed out.

13 CHAIRMAN MADIGAN: I'll bet you have.

14 Anne?

15 MS. NOTTHOFF: I think it's very helpful that -- I
 16 too agree it's great to have written comments. What that
 17 means though is that everybody at BDAC has to get those
 18 written comments in time to review them in advance of any
 19 meetings and --

20 CHAIRMAN MADIGAN: Oh, sure. They shouldn't just
 21 be archival. They actually should be read and discussed.

22 MS. NOTTHOFF: And I know that we've tried to get
 23 things in advance that allow staff time to think about them
 24 before BDAC meetings, but I just wonder if we can have --
 25 maybe what we should do in connection with scheduling BDAC

1 meetings is we ought to have a written comments deadline so
 2 everybody gets that in so that that can get circulated to
 3 BDAC members in advance of the meeting so --

4 CHAIRMAN MADIGAN: Good point.

5 MS. NOTTHOFF: -- we're not referring to letters
 6 that not everybody's seen or something like that.

7 CHAIRMAN MADIGAN: Good point. Nothing around here
 8 from now on is going to be finessed. Nobody gets to get away
 9 with something like, well, you know, I submitted that in
 10 writing. And if nobody else has seen it, it doesn't count.

11 Everything around here is going to have to be explicit, and I
 12 think Anne's point of getting it in in a timely enough
 13 fashion that the CALFED staff can actually make copies of it
 14 and make sense of it and get it out to the rest of us is
 15 really important.

16 That shouldn't be construed as a limit on what you
 17 should be submitting or your passion for confirming the
 18 things that you believe in in writing. It should simply be a
 19 recognition of the practicalities of getting things in and
 20 getting things out and getting things to people. So it's a
 21 fair point.

22 Any other ... Stu?

23 Oh, let me finish answering your first question. I
 24 would be the last to try to dictate the form of theater that
 25 you choose in order to make your point. I suspect all of you

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1 will choose that which you believe is most effective in
 2 delivering the message. And I, for one, have never tried to
 3 tell attorneys how to conduct themselves and wouldn't now nor
 4 would I tell the rest of you.

5 You should bear in mind that in trying to arrive at
 6 consensus, there ought to be more light than heat, I suppose,
 7 generated by the conversation. But to the extent that you
 8 feel strongly about things, you should tell us all that you
 9 feel strongly; that these are -- that these are deal points
 10 as far as you're concerned.

11 And I was told once in -- you have to be careful.
 12 It's a deal point. I was told once in a college class
 13 because I had an ambition when I was a wee lad to be a city
 14 manager. And I was taking this class in public
 15 administration. And this wise old city manager was teaching
 16 the class. And he said one evening, he said, "Young man,"
 17 that was me then, "You should always be prepared to resign
 18 your job as a city manager over a matter of principal." And
 19 I thought, wow, that's really heavy. I'm going to remember
 20 that. That's great advice. And then he said, "But, of
 21 course, you should always be sure that it is a matter of
 22 principal," which I also took seriously.

23 And I think the same thing would be true around
 24 here with things like deal points. I mean, if it really,
 25 genuinely, absolutely, one hundred percent is a deal point,

1 you need to say that. If, on the other hand, it is a
2 position from which you are willing to compromise given that
3 certain other things are done, you want to be a little
4 careful about the theater that goes with the whole thing
5 because you may find it necessary to make that kind of a
6 compromise a month or two or three or four or six down the
7 road.

8 You guys are the best of the best. That's why you
9 were asked to be here. You know how to conduct yourselves
10 and you know what's important and you know where we're all
11 trying to get. I think this should be a very exiting time
12 around here and -- but you've all got to participate. There
13 can't be anything where we get eight months down the road and
14 somebody says, "Well, you know, I haven't really been heard
15 yet." At that point that's not fair.

16 Okay. Stu.

17 MR. PYLE: My other question was in kind of putting
18 our comments and trying to push this progress ahead over the
19 next few weeks. How do we view this as related to the
20 activity that goes on in the EIR/EIS scoping process where
21 we're going to be doing some of the same things? But there I
22 think we're going to be relying on written documentation
23 which a lot of people are going to see as having a legal
24 foundation in the event that some of this results in
25 lawsuits, if I can use the word, some place down the line on

1 is is that it's not even just BDAC people meeting in the work
2 group. You have other stakeholder community. And there can
3 be a much better -- call it less intensive or positioning
4 type of dialogue about a specific issue such as water
5 transfers or whatever it ends up being determined to be the
6 kind of high leverage policy issues.

7 And so I think the commenting, both written sent
8 into us, oral comments made in these meetings and workshops
9 are important, and then also the joint learning that goes on
10 in an exchange in a work group or ad hoc committee are all
11 part of how we're going to get to a solution that works, but
12 more importantly is supported by the different stakeholder
13 groups.

14 MS. MCPEAK: Mary.

15 MS. SELKIRK: I had a couple comments. I think,
16 Lester, your last remarks addressed some of my questions
17 here, specifically with regard to how we as BDAC members
18 today can be most helpful to the advancement of this whole
19 process. I also just want to -- given a couple of things I
20 want to say for all of us to bear in mind that consensus is
21 about identifying areas of agreement.

22 And so one question I had was to what extent is it
23 going to be helpful to the CALFED process at this point in
24 terms of refining alternatives to spend a lot of time
25 identifying specific areas of disagreement and areas of

1 the basis of the Environmental Impact Report; that everything
2 that happens there has a kind of a different connotation than
3 what we're doing here. Even though we're dealing with the
4 same material and having done what you've done for the last
5 nine months or so, you've elevated everybody to a level where
6 they're now prepared to really put in substantial comments in
7 the scoping process.

8 MR. SNOW: Well, I guess to play off your last
9 comment, I mean, that was kind of part of our intent, of
10 course, was to get people up to a level so that when we get
11 the scoping, we're not dealing with general positioning kinds
12 of statements but rather high leverage pieces of information
13 that we can use to help us define the short list. And it
14 seems like the role of BDAC is in -- is to, you know, comment
15 going into scoping, even participate in scoping if you choose
16 to for your interest and then be able to see the scoping
17 summary that comes out of that and make judgments about the
18 broader statements, and then that helps us define how we move
19 to the short list.

20 But in my mind, why I agree with all these comments
21 or statements about the commenting process, one of the things
22 that we started looking at that we think ultimately may be
23 higher leverage for BDAC and for the program is the thought
24 of being able to create some selected work groups to deal
25 with some of these specific issues where some of our thought

1 worry, specifics that have begun to appear obviously that
2 have a lot of charge; as Alex mentioned and Judith and Hap
3 and people on all sides of the table have certain actions
4 that may be very near and dear to their hearts as being
5 completely unacceptable.

6 My question is how -- is that going to be used --
7 how can we have that kind of dialogue within BDAC in a way
8 that's going to be helpful to the process overall today. You
9 had mentioned something about creating work groups. I wasn't
10 clear whether you meant that we would have some opportunity
11 today to have discussion in smaller groups; whether we were
12 going to stay together through the course of the -- you know,
13 through and until 4:00 as a large group.

14 MS. MCPEAK: Yes.

15 MS. SELKIRK: We are.

16 MS. MCPEAK: We are for today.

17 MS. SELKIRK: Okay. All right. Because it seems
18 to me that perhaps it will become clearer to us as BDAC
19 members if we can really be again reminded of the strategy
20 here. Just as you are saying, both Habitat Restoration
21 Strategy that serves as an umbrella for all of the specific
22 concerns I think that have been addressed this morning will
23 help us today to have an understanding and probably make some
24 better more informed recommendations to the staff.

25 MS. MCPEAK: If we might attempt to look at at

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1 least the five issues that the staff has now tried to frame
2 with the comments that had been received to date in the
3 workshop and take your, maybe, approach of looking at
4 reaching as much agreement about those items for which we
5 have concurrence, consensus, yet knowing what Mike has laid
6 out, that if we don't also articulate where today we've got
7 some major concerns and flag them that we may have a problem
8 as well.

9 Let's see if this discussion will move us forward,
10 and if it doesn't, then let's figure out another approach to
11 do it. But I think we're all trying to grope for -- I
12 certainly am. It's obvious to everyone here -- for the way
13 we can reach a closer accord around those items that we have
14 concurrence on in order to make progress in this process.
15 And staff has recommended that we go through five issues.
16 Let's see where we are after we sort through that process.

17 Okay. You have, Lester, solution principals that
18 you wanted to articulate.

19 MR. SNOW: Yes. Let me make just a couple comments
20 about solution principals. And, Zach, perhaps you could put
21 up the last overhead. I think we'll try to cut time on
22 this.

23 We've had solution principals in front of you a
24 number of times, and at the last meeting you had in your
25 packet that detailed a list of solution principals as they

1 you build a reservoir, you reinforce a levy, you build some
2 habitat and it makes it work, or is it really an
3 institutional measure where you need a regulation, you need
4 some control, you need to develop better consensus around the
5 issue.

6 And so I guess I just say to kind of close this out
7 so we can get into the issues, solution principals are really
8 important. You need to focus on these. We probably need to
9 discuss these in some fashion at every single meeting between
10 now and the preferred alternative in '98. This in many
11 respects will be as important, if not more important, than
12 the program objectives. This gets at the issues of consensus
13 and balance. And when you find something that isn't in
14 balance or violates your sense of consensus, we need to look
15 at whether there's a technical fix or an institutional fix to
16 that problem.

17 So that's all I would have to say about solution
18 principals at this point.

19 MS. MCPEAK: Are there any burning comments or
20 questions to Lester on solution principals?

21 Let's move to framing specific issues. Lester, let
22 me consult you publicly. It would seem to me that perhaps we
23 should take item floor up first. We were into that
24 discussion. You'd called Dick forward. And then get to
25 demand management, water transfers and not -- and then

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1 exist. Again, that's in your packet. The significance of
2 this is as we move forward, the solution principals become
3 more and more important; what is equitable, what is
4 affordable.

5 And what we're starting to see is that some of
6 these issues that we're identifying, really the debate takes
7 place around the basic solution principals. So I would ask
8 that you kind of have this in front of you to just kind of
9 remind ourselves of what the solution principals are.

10 MS. MCPEAK: It was in the blue?

11 MR. SNOW: In the blue folder that you picked up
12 today.

13 And what Zach has put up here is that -- as you
14 look at these kinds of issues and you're looking at the
15 alternatives, there's a number of approaches you can take.
16 If you find an alternative or an issue is not meeting your
17 solution principals, you can change the alternative or you
18 can look at institutional measures to provide that
19 protection.

20 And there's a lot of different approaches that can
21 be taken, so as you're dealing with these issues, as you're
22 thinking about the alternatives, it's important to keep this
23 in mind. If it's not performing well in terms of a solution
24 principal that's important to you, there's two things we have
25 to deal with: Can you make a technical change? You know,

1 financial strategy. We've had a lot of discussion in the
2 last two meetings.

3 Does that seem appropriate or was there another
4 logic that I'm not picking up?

5 MR. SNOW: There was a logic, but I think we have
6 superceded it and I would agree that -- the logic was that
7 Zach and Eric have spent some time, since they've already
8 been working on this, but there's been so much discussion
9 about habitat strategy, I think that's the highest leverage
10 item for us.

11 MS. MCPEAK: Well, I do want to come back and pick
12 up financial strategy and get Zach and Eric obviously today
13 and probably right after lunch, but I think we should get
14 into the habitat strategy. So do you want to start with
15 Dick? Do you want to set this up, Lester?

16 MR. SNOW: Yes. Well, we've almost already set
17 this up in the sense of the vision and how we're proceeding
18 and how we can see that we can start dealing with these
19 issues and move forward and develop this and satisfy the
20 concerns that have been raised. But I wanted Dick to kind of
21 characterize this and then participate in the discussion that
22 I think is necessary on this item.

23 Dick.

24 MR. DANIEL: Thank you. As it's already been
25 stated, a number of people have expressed some concern as to

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1 how we're going to characterize what the ecosystem will look
2 like when we're done. I don't think there's an answer to
3 that. The approach that we've taken in terms of developing
4 an ecosystem strategy is based on restoration of the natural
5 functions of the system.

6 You may recall that one of the earlier meetings of
7 this group in Emeryville, we had a discussion about what an
8 ecosystem is, how it performs, the fact that it provides
9 food, shelter, cover, an opportunity for organisms to
10 reproduce and to escape predators. That it's composed of
11 biological, physical, chemical factors, all of which have to
12 work in concert to support healthy populations of our species
13 that we're concerned about.

14 We talked a little bit about limiting factors,
15 those man-made or natural factors that come in that limit
16 productivity of these ecosystems. We talked about
17 compensatory mortality and a bunch of other buzz words that
18 were probably inappropriate at the time.

19 What we have done through our process -- and some
20 of this is articulated in the Ecosystem Restoration Strategy
21 paper that you have, which is in draft and was passed out
22 this morning -- is that we have gone through an elaborate
23 process, a very public process, first of all, to identify the
24 problems. We converted those problems into a set of
25 objectives. Those objectives were converted into actions.

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1 The actions are intended to deal with these limiting
2 factors.

3 We've combined those actions looking for
4 opportunities where we can accrue multiple benefits because
5 we're working not just on the ecosystem but on the other
6 beneficial uses of the Delta system. We've combined those
7 actions. We've identified opportunities for synergy. We've
8 put those together in sets of alternatives.

9 Our vision is that when implemented, those actions
10 will result in a healthier ecosystem. It won't be returned
11 to some stage at which life was a lot simpler, problems were
12 much less complicated and the demands on the system were much
13 less, but we believe that we can put together a package that
14 results in a functioning system overall.

15 What we expect to see from that functioning system
16 is a dramatic reduction in the conflicts that currently occur
17 as a result of the multiple demands put on the system. That
18 means that the Endangered Species Act would no longer
19 constrain water exports if those water exports are maintained
20 at a moderate or reasonable level. It means that levy
21 maintenance, in order to protect the vital functions of the
22 Delta, would no longer be constrained by concerns over
23 habitat protection, but rather levy maintenance would
24 incorporate habitat protection. It means the water quality
25 would no longer limit the production of fish or wildlife

1 because we've cleaned up all the water quality for all the --
2 not just the environment. That's the sort of foundation
3 we're working on.

4 It hasn't been articulated completely. We're still
5 working on a suite of indicators that we'll be able to use as
6 a measure of progress. We're also developing the concept of
7 adaptive management. We know that we don't know enough. We
8 know that we cannot set out an absolute prescription that
9 will, when fully implemented, result in a healthy ecosystem.
10 But we do think we know enough to be able to adapt. We call
11 it adaptive management. It's not really trial and error, but
12 it's the continuing process of evaluating the response from
13 these target organisms to what you do.

14 I believe that we can come up with that
15 articulation of a strategy. We may have to illustrate it
16 with photographs and diagrams because in some cases words
17 don't really capture it. But we're working on that, and I
18 think we've made considerable progress.

19 Another comment that has come up through the
20 workshop process and many of the letters that we've received
21 is that people want to see much more specific content.
22 That's created some concern on our part at the staff and that
23 we are working at a programmatic level. We're not nailing
24 things down as specifically as a lot of people would like to
25 see, but we've made tremendous strides on that just in the

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1 last couple of the weeks.

2 Soon you will see a much more detailed description
3 of the Ten Draft Alternatives as we stand now. In those
4 descriptions you will see acres of riparian habitat. You
5 will see miles of waterside burns. You will see numbers that
6 are associated with the restoration of channel islands.
7 You'll see specific numbers that deal with the objectives
8 relative to meander belts along the rivers, particularly in
9 the upper Sacramento River.

10 You won't see numbers of fish. You won't see
11 numbers of ducks. What you'll see are acres of wetland
12 habitat. You'll see diversion screened. You'll see specific
13 numbers relative to habitat and the reduction of these
14 limiting factors. But you won't see numbers of fish because
15 we can't convert a screen diversion into an ultimate number
16 of spawners that return to the river three years hence or the
17 number of fish that are available for harvest. But we can
18 identify these limiting factors and work on them piece by
19 piece. And you'll see in the more detailed descriptions of
20 the alternatives an awful lot of numbers.

21 In addition to that we're working on evaluating the
22 performance of our alternatives against specific objectives.
23 In many cases what we were able to do was to glean from
24 existing reports goals. There are goals in the Central
25 Valley relative to wetland habitat. There are goals in the

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1 upper Sacramento River fisheries and Riparian Habitat
2 Restoration Program with regard to miles of meander belt
3 along the river. We've been able to convert those goals and
4 existing documents, almost all of which were developed
5 through a consensus process into targets, and we can predict
6 how our alternatives will achieve those targets or approach
7 those targets.

8 Another set of comments that has come up on a
9 regular basis are questions relative to the relationship for
10 the long-term CALFED Bay-Delta Program Ecosystem Restoration
11 Plan to other existing and ongoing programs. We did not go
12 back in and rewrite a plan to restore habitat for anadromous
13 fish in the Central Valley. Rather we embraced the existing
14 plans that are embodied in the Central Valley Project
15 Improvement Act and in the California Department of Fish and
16 Game's Central Valley Action Plan and incorporated those,
17 into our thinking, as part of a majority of those two
18 examples. They deal primarily with issues limiting factors
19 upstream of the Delta.

20 Where we find gaps in those programs upstream of
21 the Delta, we've tried to supplement them. Where we find
22 that they have passed on the responsibility to deal with
23 habitat problems in the Delta itself, to us, we have
24 developed alternatives that deal with those problems in the
25 Delta. So that it's a complement of long-term planning

1 that that plan will be implemented. We may be the vehicle
2 for financing implementation for some elements of that plan
3 which are not currently covered by existing programs. The
4 same would be true with the native fishes of the Delta, in
5 particular, Delta smelt.

6 Another set of issues that comes up that's very
7 difficult to deal with is the issue of assurance. How can we
8 assure that our habitat restoration plan will be
9 implemented. How can we assure that it will work, and will
10 it finally result in a plan that will resolve the conflicts
11 to the satisfaction of all the different stakeholders. I'm
12 not sure that there are a whole lot of answers to that. Will
13 it happen, yes. We're going to put habitat restoration in
14 one degree or another, staged in one fashion or another into
15 our alternatives.

16 If the public and you all eventually select an
17 alternative as the one that's preferred and we go forward
18 with implementation, then it will happen. Will it work? We
19 believe it will work. We've gotten the best science together
20 that we possibly can, but we acknowledge that there will have
21 to be mid-course adjustments. Between staging and adaptive
22 management, those mid-course adjustments can be made and will
23 be made.

24 Will it result in resolution of the conflicts? We
25 believe it will. That's our intent. That's our goal.

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1 processes, many of which predate CALFED Bay-Delta by 10 or 20
2 years, finally coming together in one very comprehensive
3 plan.

4 It has been impossible to date for us to capture
5 all of those elements that are in existing plans in our
6 write-ups. We'll try to do a better job in the future in
7 terms of articulating that.

8 We also have in your packet today a little bit of a
9 statement relative to the Central Valley Project Improvement
10 Act specifically. That plan was put together through a long
11 series of efforts that involved the majority of the CALFED
12 agencies. It was developed perhaps not in a broadly public
13 way, but through consensus. The specific fish and wildlife
14 measures that are in the CVPIA I believe are right on target
15 and we have embraced them as part of our program. If some
16 changes were to occur in the Central Valley Project
17 Improvement Act which either delete essential elements for
18 habitat restoration or in some way change them such that they
19 would be delayed upon implementation, we believe it would be
20 our responsibility to either pick up those elements directly
21 or to pursue their equivalent in terms of habitat restoration
22 so that our package remains complete throughout the process.

23 The same is true with specific elements that are
24 associated with recovering endangered species. There is a
25 Winter Run Recovery Plan. I think we have every confidence

1 That's our objective. If it doesn't resolve the conflicts
2 then we failed, and we can't afford to fail. So we have to
3 deal with that.

4 Once again, this whole concept of adaptive
5 management, it's not just a panacea or a way of passing on
6 the responsibility to some future program, but rather a way
7 to build into a program ways and means of adjusting your
8 efforts so that you can get the most productive response from
9 the environment that you can.

10 I'll leave it at that and open it up for questions.

11 MS. MCPEAK: Chairman Madigan then Hap and Anne.

12 CHAIRMAN MADIGAN: Thank you. I think one of the
13 most significant things that Mr. Daniel said -- and I'm
14 really interested in the response of some of you around the
15 table here -- is that it is not his expectation at the end of
16 all this to be able to quantify numbers of fish and numbers
17 of ducks in this process; that, in fact, he can quantify the
18 habitat but not necessarily -- that the habitat becomes the
19 outcome, not necessarily a specific count. And I'm really
20 curious as to how that sits around the table.

21 MS. MCPEAK: I've got Hap and then Richard and then
22 Stu on this side.

23 Hap.

24 MR. DUNNING: Dick, I'm very interested in this
25 document that's in the packet, the Draft Ecosystem

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1 Restoration Strategy. On the last page there you or the
2 staff spell out a series of steps to be followed. And I
3 noticed the very last step in the process is the adoption of
4 a suite of indicators of ecosystem help.

5 My question is, why does that come last rather than
6 first? That would seem you might want to start by saying,
7 well, this is what we consider to be ecosystem help and move
8 on from there.

9 MR. DANIEL: The direct response is is that we
10 decided to work through the scientific community in a series
11 of workshops to develop those indicators. The report on the
12 last workshop is due to our office on the 31st of this
13 month. It wasn't intended that it be last. It turned out to
14 be last.

15 We believe that we've gotten enough insight through
16 our -- we've held three days of workshops -- four days of
17 workshops on indicators and that we're pretty comfortable
18 that the elements of the alternatives that we put together
19 will address those indicators. We're also still at a stage
20 in our process where if we had missed something in terms of
21 the suite of fixes to deal with the environment that is
22 critical and that can be measured through some kind of an
23 indicator, we can adjust. We're still very much in the
24 formative stages of our process and we can do that.

25 But the straight answer is that the schedule that

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1 members of the scientific community put together in terms of
2 providing us with insight as to what the indicators are was
3 such that we don't get the report until next week. And I
4 feel pretty good about -- you know, obviously I've been
5 following that process very closely. I've been working with
6 the notes that were developed at the workshops. I don't see
7 anything seriously missing right now.

8 MS. MCPEAK: Anne.

9 MS. NOTTHOFF: And I wanted to express appreciation
10 for the effort that you're putting in to come up with more
11 measurable criteria so that that will help us know --
12 recognize a healthy ecosystem when we see one.

13 But I do want to help develop a tolerance on the
14 council for this lack of definition to a certain extent
15 because we're not looking at -- we're doing new stuff here.
16 The ecosystem restoration is a relatively new concept, and
17 it's only recently that we've been able to get government
18 authorities to indulge -- recognize that there's been
19 widespread ecosystem degradation that's in need of
20 restoration.

21 And so it's not -- we already know how to build a
22 damn. We don't necessarily yet know how much meander belt we
23 need to restore what is a reasonable facsimile of the
24 ecosystem. I mean, we know numbers like in coastal wetlands,
25 a restored coastal wetland, it probably operates only 60

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1 percent of the full capacity as the original acre of coastal
2 wetland.

3 So these are the types of measurements that
4 we're -- you know, we're trying to push you to get us as
5 far -- as much as we can because when you're talking about
6 deal points and you're saying, you know, one mile of restored
7 riverine habitat versus an acre foot, I mean, this is -- you
8 know, the more precise we can be the better -- you know, the
9 more clear we can be about how you put consensus in a deal
10 together.

11 So please indulge us and try to push you to be as
12 precise as possible and also hope that the council members
13 understand that this is really a very new area of scientific
14 inquiry, and it is by necessity going to have to be adapted.

15 MS. MCPEAK: Anne, I'm going to ask a follow-up
16 question to you building on Mike's question to the full
17 group, which was understanding the timetable and process that
18 Dick laid out in the next two weeks to move to a lot more
19 specificity, but that won't get to the precise numbers around
20 fish populations or duck populations.

21 And further understanding what you just said that a
22 lot of work has gone into getting an appreciation for the
23 habitat approach as a precursor and prerequisite for other
24 indicators such as fish populations, are you comfortable
25 with, in response to Mike's question, how Dick is approaching

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1 this or is there some way that you would see to improve it?

2 MS. NOTTHOFF: Well, I had the opportunity to sit
3 in on a day and a half of the Scientific Ecosystem
4 Restoration workshops that Dick's been working with, and I
5 have to confess that I'll be very curious to see what you
6 come up with out of that because it did reinforce to me the
7 fact that we are talking about really new stuff here and how
8 hard it is to pin down the numbers.

9 But be that as it may, I think that -- you know, I
10 think there are a lot of numbers way beyond and measurable
11 criteria beyond what we've seen so far in these alternatives;
12 that if those are presented to us in this next round, I think
13 that will go a long way in helping us evaluate the
14 alternatives. I'm not prepared to say at this point, you
15 know, whether they will be enough. But I can see that
16 there's another step in there that is likely to produce
17 better tools for us to evaluate what the alternatives look
18 like.

19 MS. MCPEAK: Richard.

20 MR. DAMURIAN: Somewhere along the lines of Anne's
21 comments, there are some numbers out there in the studies
22 that you were referring to -- the plans you're referring to
23 rather -- the CVPIA documents and the Central Valley. And
24 perhaps if we had a list of these indicators, it would help
25 us better understand your thinking in how we're -- in trying

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1 to connect the alternatives presented with those numbers and
2 those plans. Right now we don't have a way of doing that.
3 MR. DANIEL: Are you asking for some kind of
4 comprehensive summary of these existing plans or -- I think
5 the report I'm anticipating on indicators.

6 MR. DAMURIAN: I think we need both, and they're
7 all connected. It's -- there is a great frustration trying
8 to go through these alternatives, trying to figure out what
9 this is going to do to fisheries when we don't know what the
10 underlying assumptions are. And now we find out that, well,
11 the underlying assumptions are those that are incorporated in
12 these other reports. But we don't -- at least I don't see
13 the connection easily. And if there's anything you can do to
14 make the connection easier for us, it will help us evaluate
15 these alternatives. Do you follow what I'm saying?

16 MS. MCPEAK: Had you concluded, Richard? I think I
17 interrupted you and I apologize.

18 MR. DAMURIAN: I'm done.

19 MS. MCPEAK: I was going to suggest, Dick, based on
20 what Richard and Anne have said, when you're back at the next
21 BDAC meeting -- and that will be passed the two weeks and
22 you'll have a lot more specificity -- if you also could
23 summarize what are any numbers and plans that are being used
24 as a base or are constraints in our planning process and lay
25 those out.

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1 And if you don't have the numbers, at least
2 qualitatively an itemization of indicators that good science
3 suggests we should be considering. That together, I think,
4 could help move progress here, maybe consensus.

5 MR. DANIEL: Let me try an example, and I know how
6 much risk this is.

7 We tried to deal with striped bass as a specific
8 species in our plan, in our alternatives. We know that the
9 long-term goal for the Department of Fish and Game for
10 striped bass is about three million adult fish. We know that
11 in the near term, the Department of Fish and Game through its
12 commission is proposing a policy that would target the near
13 term at about one point one million fish. And they emphasize
14 the use of artificial rearing to achieve that in part so that
15 they can maintain a balance between native fishes and
16 endangered species and striped bass.

17 So in our alternatives, we recommend a program of
18 net pan rearing in all of those alternatives where there is
19 no isolated facility. The logic behind that is twofold.
20 Number one, if you build an isolated facility, you no longer
21 have a collection point for juvenile striped bass that you
22 can use in net pan rearing. In other words, you don't have
23 Clifton Court and the fish streams.

24 Secondly, I think it's a pretty widely-held opinion
25 amongst the biologists that have studied the problem that an

1 isolated facility could provide tremendous benefits to
2 naturally reproduced striped bass and increase their
3 productivity. So there's a marriage there between water
4 supply facilities and recovery of the striped bass
5 population.

6 Is that the kind of thing -- the kind of thing
7 you're looking for or is it not?

8 MR. DAMURIAN: Although I think perhaps you've
9 mischaracterized the Fish and Game policy regarding
10 propagation of striped bass to mitigate for it, it is an
11 option. But there is a statement saying that striped bass
12 will be recovered with an ecosystem approach.

13 MR. DANIEL: And I concur with that. And I'm
14 anticipating a policy that I've seen going before the Fish
15 and Game Commission in the next month or sometime in the near
16 future. I don't really know what it says.

17 MR. DAMURIAN: An artificial propagation is an
18 alternative not a policy emphasis.

19 MR. DANIEL: But there is an example where we took
20 a very specific target that is numerical and converted it
21 into a descriptive action in our alternatives. And we tried
22 to demonstrate how that action would change with the synergy
23 associated with trying to deal with other problems, whether
24 it be water quality or water supply.

25 MR. DAMURIAN: To answer your question, yes, that

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1 is the kind of thing we're looking for.

2 MR. MCPEAK: Stuart followed by Pietro and then
3 Roberta.

4 MR. PYLE: I would like to say that I think the
5 program that Dick describes is very encouraging and it's the
6 type of program that I feel comfortable with. I think it's
7 moving in the right direction. And one of the reasons I say
8 this is I worked with the State Water Project and going back
9 into what was called the Four Pumps Agreement, which was
10 methods to carry out these same similar types of programs to
11 improve the habitat to offset damages that were caused by the
12 pumping.

13 And what you see in that is that you can set all
14 the objectives you want, but you have to come up with some
15 programs to do this. And biologists, Fish and Game people
16 who are working there are able to come up with these various
17 programs. Dick can probably hand you a list of 100 of all of
18 these types of things, and these are not things that anybody
19 can certify that once you enter into the program and do it,
20 you're going to get the results that you originally
21 specified. These are things that are going to have to go
22 through the adaptive management process.

23 And he says he doesn't want it on the try-and-see
24 basis, but nevertheless, a lot of that is going to be
25 involved, which leads me to some of the comments that -- if I

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1 haven't already sent them to you, I think I am preparing them
2 and will send them to you -- that I don't agree with the
3 process of trying to include the habitat restoration and
4 ecosystem restoration at different levels and with different
5 objectives in the different alternatives.

6 It seems to me that we should have a core program
7 of habitat restoration which is basically common to
8 everything, and it's made up of all of these programs that
9 they're talking about. And it has to be structured so it
10 kind of fits the programs that are already being started by
11 other agencies, and it has to fit the funding that's
12 available.

13 It seems to me you have to get some regional
14 distribution to all of this. You can't put everything in the
15 Central or South Delta. You've got to have this all over the
16 watershed to make it work. And it's going to have to move on
17 a kind of a step-by-step basis. And the process so far of
18 saying, well, we would look for high, low or intensive or
19 moderate, low and intensive methods of ecosystem restoration
20 I don't think hit the mark. I think you have to have the one
21 program, and it has to go almost exclusively of everything
22 else that happens in the alternatives that deal with the
23 other objectives: Water quality, water supply, levies,
24 etcetera, etcetera.

25 But it seems to me that ecosystem restoration is

1 habitat. And that might also -- that might be related to
2 specific species. But take Delta smelt as an example. It's
3 clear that there needs to be additional rearing habitat if
4 we're dealing with Delta smelt.

5 But the detail of the strategy varies significantly
6 from alternative to alternative, meaning that if you keep the
7 largest diversions in the system -- which happen to be the
8 two export projects -- in the same location, you will not do
9 rearing habitat in front of those pumps. That's not good.
10 And so you'll significantly change where you do the habitat
11 and perhaps how much, given on what it's coupled with.

12 If you have environmental storage to release to
13 help, that changes it. Depending on where your diversions
14 are changes it. And so, in fact, what we will end up with is
15 kind of an umbrella strategy that won't be satisfying to a
16 lot of these questions. And then what you're going to see is
17 you're going to see an articulation of the strategy by each
18 of the ten alternatives so that you understand how a specific
19 alternative works in terms of implementing that strategy
20 given the other features that are going on.

21 MS. MCPEAK: So, Lester, do you think that all of
22 the core actions that can be done -- irrespective of
23 alternatives that have been listed there by you -- that every
24 other possible core action under habitat is going to be so
25 significantly impacted by an alternative that you can't add

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1 just a basic subfloor to all of the rest of these.

2 MS. MCPEAK: One of the -- bringing that up, Stu, I
3 think is excellent, and I was going to draw everyone's
4 attention to Page 12 in the Alternatives document. It's a
5 list of the core actions, the first one being Bay-Delta
6 Habitat Restoration.

7 We've got comments from three people. And when we
8 finish, I'd like to maybe take a look again at those core
9 actions to see if -- Stu, if there's something else you want
10 to propose, if there's another item that someone else is
11 going to put on the table. And then we'll also get input
12 from Lester.

13 Lester, do you want to talk now? Whenever Lester
14 wants to talk, Lester gets to talk.

15 MR. SNOW: Unlike at home. Yes. Thank you. I
16 appreciate that.

17 I wanted to comment on Stu's point because that's
18 also something we saw in the comments that somehow the
19 habitat strategy can be set off to the side and we develop
20 that and then that universally fits anything else going on in
21 the system.

22 And I think what we've come to understand, I think
23 Dick hit on some of this, is that there is a general habitat
24 strategy that fits over the whole situation, but it ends up
25 being expressed in terms of we need additional rearing

1 to this list?

2 MR. SNOW: I would never put it that definitively,
3 no. I mean, the purpose of the core list was though to try
4 to get at the actions that are universal. The question is
5 are there things that can be added, and probably the answer
6 is yes.

7 Do you agree with that, Dick?

8 MR. DANIEL: Yes, I was home doing some work last
9 night looking at a specific race of salmon that are in
10 trouble. Came up with some things from existing documents
11 that really need to be done. Matched that up with our list
12 of core actions this morning and found out that we had left
13 some things out.

14 So, I mean, it's going to be a constant iterative
15 process. We are limited in the way we have described core
16 actions. A lot of the things that need to be done to restore
17 the variety are not whimpy. They're not easy to do. They
18 will require evaluation through environmental documentation
19 and considerable debate. So they don't qualify for core
20 actions.

21 Now, they may qualify for essential, and moving
22 into that arena in terms of discussion I think is very
23 productive. But there are a lot of things that need to be
24 done that are not easy and are not universally accepted.

25 MS. MCPEAK: Okay. Well, some of the comments have

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1 suggested perhaps other items should be in core action.
 2 Earlier today we were looking at the distinction between core
 3 and essential trying to again get as great a common base
 4 consensus as we can. And Stu is also raising the issue of is
 5 it possible just to set, you know, a foundation that would be
 6 an alternative.

7 So there's sort of a theme that is emerging. It's
 8 worth noting your response that we are going to go through
 9 several iterations, and we'll keep looking at it and seeing
 10 what we can all reach agreement on.

11 We've got Pietro Roberta, Steve and then Mary. And
 12 if Steve doesn't come back then it's your turn.

13 Okay. Pietro.

14 MR. PARRAVANO: Thank you.

15 Dick, I wish you could please clarify a statement
 16 that you made. You mentioned that you're going to
 17 incorporate the fish plans, the habitat concerns of the
 18 CVPIA. And also you mentioned that you will not be using any
 19 fish numbers or numbers of ducks as a measure of success in
 20 terms of the restoration programs.

21 Does this -- are you going to agree or not agree to
 22 the fish doubling plan that is stipulated by the CVPIA?

23 MR. DANIEL: I think all of my colleagues would
 24 agree that the draft, Anadromous Fisheries Restoration Plan,
 25 is pretty good and pretty comprehensive. I feel that way

1 proposing to deviate from the Anadromous Fisheries
 2 Restoration Plan as it's been put together nor are we talking
 3 about deviating from the other elements of the Central Valley
 4 Project Act that were specifically designed to reduce or
 5 eliminate the effect of limiting factors caused by water
 6 development in this case.

7 And what we've said in the little bit of a write-up
 8 that we've put in your packet is that if elements of the
 9 CVPIA or the Anadromous Fisheries Restoration Plan that are
 10 vital to our overall restoration efforts are modified through
 11 legislation or are slowed down significantly through
 12 legislation or changes in the funding, that we'll have to
 13 pick up the gap and deal with it.

14 But what I want to get across to you -- and I think
 15 every fisheries biologist would agree -- that we can't tell
 16 you today that implementation of all of those measures at
 17 their highest and best level will result in one million two
 18 hundred and seventy-six thousand fall run Chinook coming back
 19 to spawn in the Central Valley in the year 2,002. We can't
 20 do that.

21 And what we are trying to avoid is setting up
 22 ourselves for some sort of fish-related numerical goal that
 23 we can't guarantee we'll achieve. But we rather are trying
 24 to whittle away in a very comprehensive fashion at all of the
 25 factors that we believe limit salmon production such that we

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1 professionally.

2 I think all of the colleagues that I work with
 3 would agree that when implemented that plan will result in
 4 comprehensive elimination or reduction of those factors that
 5 limit anadromous fish production in the Central Valley. None
 6 of them would be willing to go out on a limb and tell you
 7 exactly how many salmon would result in some year hence when
 8 that plan is fully implemented. They will, to a person,
 9 agree that it looks like it's one of the best efforts ever to
 10 try and achieve the goal of doubling, but they're not going
 11 to be able to tell you exactly how many fish it's going to
 12 produce. And that's what I'm trying to get across in my
 13 comments relative to fish numbers.

14 MR. PARRAVANO: Well, I'd probably feel a lot
 15 better if I knew that at least they were going to work in
 16 that direction and not say that you're not going to be using
 17 fish numbers to determine measure -- to determine whether the
 18 programs have been successful.

19 I mean the -- you started out by saying that the
 20 BDAC will follow the programs or the directives listed in the
 21 CVPIA relative to habitat concerns and the fish plans. And I
 22 think any deviation from the fish doubling plan that is
 23 stipulated in that would undermine the success of the CVPIA.

24 MR. DANIEL: I don't disagree with you at all, and
 25 perhaps I'm not making it as clear as I can. We are not

1 can achieve a healthy balance between the habitat that is
 2 restorable and decent populations of fish and wildlife. And
 3 that isn't a cop-out on our part. I think it's a way of
 4 dealing with reality.

5 MS. MCPEAK: Roberta.

6 MS. BORGANOVA: I just wanted to make some
 7 comments. I also had attended some of the restoration
 8 workshops, and I think that this paper is a beginning to
 9 articulate what I hope that the general public will have,
 10 which is the philosophy of how you go about natural
 11 restoration.

12 I think there are some important principals in
 13 there like using natural processes, emphasizing that for
 14 resilience you need to concentrate on habitat and you need to
 15 concentrate on population size and genetic diversity. That's
 16 a part of resiliency. And that that means natural production
 17 of species is emphasized. So I think that these are
 18 important to kind of frame where the whole process is
 19 working.

20 Also I was struck by the fact that even though it
 21 is a new field, as Annie said, in trying to do this
 22 restoration, there are a number of models out where there has
 23 been some successful restoration going on and that's helping
 24 to shape this philosophy.

25 But also as far as the indicators go, I think that

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1 the indicators are a response to those who have said how are
2 we going to know that where we spend our money is well
3 spent. And I think that you said that the indicators are
4 towards the targets. For example, in the CVPIA the target is
5 to double the anadromous fish population and, again,
6 emphasizing the natural fish population. So what I heard you
7 answering to Pietro, you're not saying, no, you're moving
8 away from that target. It's just not going to be a specific
9 for number of fish.

10 MS. MCPEAK: We've got a lot of people. Dick is
11 going to respond. I have you all in order.

12 Go ahead, Dick.

13 MR. DANIEL: About the indicators. I anticipate
14 that what we will eventually come up with is sort of a
15 hierarchy of indicators that will include numbers of fish in
16 some fashion and some other things that are much more, I'll
17 call it, esoteric.

18 One of the things we debated at the workshop on
19 indicators was the use of below-ground biomass of tules as an
20 indicator. And I'm not being facetious. That actually is a
21 pretty good tool. And what it represents is the amount of
22 root wad you have of tules for the important habitat
23 component that's below the ground such that the plant can
24 sustain itself through a drought or through a change in
25 salinity. It's a measure of the resilience of that

1 together this first vision and you add in the indicators,
2 then you really begin to get this comprehensive system. And
3 at that workshop there was a stress on all the different --
4 the range of habitats that are part of the natural system.
5 So it's kind of articulating what a natural system looks like
6 that needs to be out there for us, then to again evaluate
7 what Stu was asking for is what are the essential elements
8 that ought to be there as part of any alternative.

9 MR. DANIEL: And we are doing that. We are doing
10 that. And you'll see it in this next round of alternatives.
11 And we'll find out some way to sort of condense it so that
12 from the ecosystem standpoint, you can march down from the
13 top end of the river to the bay and see where we've
14 incorporated specific actions to link up these habitat types
15 and to recreate them so that we've got this concept of
16 conductivity dealt with as well.

17 MS. MCPEAK: Questions I'm hearing -- and you can
18 think about it and perhaps the other speakers will bring it
19 out -- is to know whether or not, in fact, the goal in the
20 CVPIA is what is embraced in your work of the doubling of
21 fish populations. We've come a long ways in moving from just
22 looking at fish population numbers to habitat. That's what
23 this whole discussion is about because we understood that the
24 numbers in and of themselves were not sufficient. You needed
25 to have a healthy habitat in order to achieve naturally the

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1 particular component of the habitat.

2 Other things that we've talked about are acre days
3 of X2. In other words, how many days do you have how many
4 acres, surface acres, of this very important salinity
5 entrapment zone in the Delta system under different
6 hydrologic regimes. Those may be totally meaningless to the
7 public and to some of our stakeholders, and so somehow we've
8 got to convert that into understandable numbers so that
9 project operators and other stakeholders can see that we're
10 meeting our target. And we've got to translate easily
11 understood regulatory or process oriented numbers into some
12 kind of scientific sense that represents our goals and
13 objectives. And it's not easy to do.

14 MS. MCPEAK: Dick, I'm hearing questions that
15 aren't getting direct answers from you.

16 MS. BORGANOVA: I guess --

17 MS. MCPEAK: Roberta -- I mean, I think Pietro's
18 asked them, Roberta is asking them. And let me -- for all of
19 you who have your hands up, just let me tell you the order.
20 It's Steven, Mary, Anne, Hap and Alex. So I think we will
21 work through this, but I think we need to clarify. And
22 Roberta was trying to give you the opportunity to say yes.

23 Roberta.

24 MS. BORGANOVA: I guess what -- I think what the
25 environmental community is more of this. When you put

1 numbers.

2 But what I'm hearing being asked as a problem is if
3 you end simply with indicators of habitat and not at least
4 based on as much scientific information as possible, a goal
5 of fish populations, then we've sort of gotten ourselves into
6 a self-defeating cycle here.

7 You are responding by saying that the biologists
8 and scientists would not want to live or die on a projection
9 you make for fish populations based on habitat because it's
10 not a perfect science. On the other hand, there are
11 advocates -- and that's what I was hearing from Anne and
12 Pietro and Roberta -- who are saying we need to make the best
13 effort to estimate as a goal; perhaps not make that the
14 controlling parameter on a project or on the operations but a
15 goal based on what we are designing in habitat that would be
16 a target for those fish places.

17 MS. NOTTHOFF: Could I just do a quick
18 clarification? I wanted to ...

19 MS. MCPEAK: I yield to you, Anne.

20 MS. NOTTHOFF: It's very short. But just to back
21 up Pietro, I read your response -- Lester's response in
22 relationship of CVPIA to CALFED and it made sense to me. And
23 the way I read that was that the fish doubling is -- and the
24 other goals of CVPIA are embraced and embedded in the CALFED
25 long-term solution process and they are, in fact, the base

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1 line for the CALFED solution process. So that even though
2 you have a healthy biologist resistance to numbers, which I
3 appreciate, there is a federal statute that has the goal of
4 doubling of the fish population. So that's the base line
5 there.

6 You may be loathe to add more numbers on top of
7 that, but it's not like you're rejecting or you're not going
8 to try and get to the doubling of the fish population,
9 right?

10 MS. MCPEAK: Is that yes or no?

11 MR. DANIEL: The answer is yes, we're putting
12 together a plan that will meet those objectives or pursue
13 those objectives. The plan is not specific to X number of
14 salmon, but we believe we've got a plan that will result in
15 doubling.

16 Furthermore, the Secretary of Interior, the U.S.
17 Bureau of Reclamation, the U.S. Fish and Wildlife Service,
18 the National Marine Fishery Service, the California
19 Department of Fish and Game, et al., are CALFED. We're not
20 developing a program independent of our parent agencies but
21 rather in conjunction with them to sort of bring all of these
22 activities together, all of these objectives together into
23 one large scale comprehensive program. They are CALFED.
24 CVPIA is a mandate to CALFED in my opinion.

25 MS. MCPEAK: Okay. Thank you.

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1 MR. HALL: Well, this wasn't part of my original
2 point, but let me just say I, for one, am greatly comforted
3 to know that once we know the size of the tule root wad,
4 we'll know the health of the ecosystem. That was one I
5 didn't know starting this morning.

6 Two points. One, we've proceeded quite a ways down
7 this path of habitat based approach. There are a couple of
8 imperatives it seems to me that should provide some assurance
9 to those concerned about actual populations. One is CVPIA
10 itself, it's the law of the land. The other is the
11 Endangered Species Act. Those seem to me to provide pretty
12 ample assurance that we have both the goal and the safety net
13 in terms of fish population.

14 But I hope that it is a common understanding, on
15 BDAC and elsewhere, that if we employ the things that are in
16 this list, we will have done what we realistically can do to
17 provide the habitat necessary to stabilize and even enhance
18 fish populations. And when I say that, it may sound as if,
19 well, once we've done all of this, we need do no more. But
20 the fact is, this plan calls for adaptive management, and
21 it's laid it out pretty well. You adapt as the conditions
22 change and warrant.

23 And, you know, it seems to me what we've done is
24 not write a prescription so much as we've initiated a
25 process. We're going to do what is necessary to do in the

1 habitat to stabilize and enhance populations within the
2 bounds of realism. That's one point.

3 The other point is it mentions measuring results.
4 That's one of the features, and I certainly support that.
5 The other thing that I think needs to be stressed more is the
6 role of monitoring and measuring results. The stakeholder
7 process has focused on this as an absolutely essential
8 element to maintaining the right course here.

9 I know Dick and -- or I feel reasonably sure that
10 Dick and Lester and others have heard a lot from the
11 stakeholders about the importance of monitoring. I think it
12 would be worthwhile to do a little bit of modification to
13 this document to better stress the importance of monitoring
14 this because the fact of the matter is there's going to be a
15 tremendous amount of lag time between habitat improvement and
16 corresponding results in populations.

17 And what we cannot afford to do is assume that
18 immediately upon habitat improvement we're going to see
19 corresponding results in those fish populations. And failure
20 to measure those increases will mean failure of the plan. We
21 can't do that, so we have to have a monitoring system that we
22 all subscribe to.

23 MS. MCPEAK: Thank you, Steve. Actually, I think
24 you're starting a good practice of looking at this draft
25 report on the Ecosystem Habitat Restoration Strategy and if

1 we want to get comments out to see if we have violent
2 disagreement to the basic thrust of it but additional input
3 that can be incorporated by staff.

4 Mary.

5 MS. SELKIRK: I just had two comments; one, kind of
6 a general one.

7 First I wanted to thank you, Dick, because I think
8 that your presentation -- I'm just echoing what other folks
9 on the council have said I think. This today is enormously
10 helpful to me because it speaks to a central concern I've had
11 that we were going to leap from ten alternatives to four or
12 whatever with no real sense of what the parameters were in
13 terms of our -- you know, our overarching goal here in terms
14 of increasing reliability in restoring the ecosystem.

15 And that's what I want to insure that as the level
16 of detail is built on the Habitat Restoration Strategy that
17 there is a process in place for not only -- you know, for
18 members of the public certainly and also for us as members of
19 this council to address some -- a lot of the kinds of
20 questions that have been raised today. I have some concern
21 that -- I think this -- what we're starting -- the
22 substantive stuff that we're starting to get into today is
23 really kind of the meat and potatoes of all of this, you
24 know. And I want to insure that there's some process that's
25 going to allow for an exhaustive opportunity to look at --

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1 from the grandiose and sort of gross comments down to the
2 very specific. And I don't mean -- I mean crude. That's not
3 the right word. The general comments down to the very
4 specific, as we've had that whole range today, that there's
5 ample opportunity for everybody on the council to not only
6 write comments but have some kind of exchange like this.

7 So I just want to insure, as I sort of look down
8 this what feels increasingly like looking through a telescope
9 backwards as we're narrowing down to the end of May, that
10 everybody stays on board, so to speak, in this very critical
11 time.

12 The other comment too I wanted to make is that as
13 I'm listening to you today, I'm listening to comments and
14 dwelling on this sort of conceptual dilemma that we have I
15 think between distinguishing between core actions and
16 essential elements that it seems to me that the more this
17 Habitat Restoration Strategy becomes developed, it seems to
18 me the more we may find that there are essential elements
19 that become core actions.

20 MS. MCPEAK: Mary, based on your review and
21 recognizing everybody just got it today, do you have specific
22 comments on the three-page draft --

23 MS. SELKIRK: I didn't even discover it in my
24 packet until somebody mentioned it, so I really haven't had a
25 chance to look at it other than just the headlines so, no, I

1 go recreate Delta smelt rearing habitat, you're limited
2 because of the existence of the existing pumps to areas
3 outside of the direct influence of those pumps. We discussed
4 all that with the experts who put that plan together.

5 So, again, in the shorthand version of what you
6 have here, we mentioned just a couple of plans. There are
7 too many for me to carry that we have referenced. Everything
8 that we know of is out there. And another thing that I get
9 from this discussion is very early on we gave you a draft of
10 a listing of sort of an annotative listing of other related
11 programs document. We now have a little bit more refined
12 draft of that. And I don't know exactly what the schedule is
13 for getting that new version back to you, but I think that
14 will help this discussion as well in that it identifies all
15 the different programs that we've been working with to
16 differing degrees to put this comprehensive plan together,
17 and that includes the native fisheries.

18 MS. MCPEAK: Alex then Bob.

19 Alex.

20 MR. HILDEBRAND: Yes. I doubt that there's anybody
21 around the table here who disagrees significantly with the
22 goals we're discussing here, the environmental goals. And
23 I'm not sure it's realistic to assume that we're going to be
24 able to achieve those goals with the growing human population
25 and the impacts of that population, the growing exotic

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1 don't.

2 MS. MCPEAK: Okay. If you're listening -- can
3 listen to comments and also just do a review, I'm going to
4 ask at the end of -- we've got two more people to speak -- if
5 there's any other input to the document in addition to what
6 Steve did.

7 Hap.

8 MR. DUNNING: In the Habitat Restoration Strategy
9 document on the third page, there's mention at the third
10 bullet of the -- how the objectives were used to identify
11 actions and mention also that the actions were compared to
12 existing plans and programs such as CVPIA and another one,
13 and we've talked a lot about CVPIA.

14 In your opening comment, Dick, you mentioned very,
15 very briefly something about the Delta Native Fisheries
16 Recovery Plan, and I wonder if you could let us know the
17 extent to which there's congruence between that recovery plan
18 and what you're doing at CALFED. How do they fit together.

19 MR. DANIEL: I can't recall anything that's in the
20 Native Fisheries Recovery Plan that isn't incorporated either
21 as a core action or component of an alternative in our
22 program. Met with the authors of that plan, discussed
23 specifically with them how we would stage and geographically
24 locate some of the recommendations that are in their plan.

25 In fact, Lester alluded to the fact that if you're going to

1 species population which has an enormous impact. And so we
2 have to achieve these as best we can at any given level of
3 those human and exotic species impacts. But I'm not sure we
4 can sit here and say, well, if we don't achieve the goal,
5 we've got to send the people out of the country or get rid of
6 the exotic species. We don't know how to do that.

7 For example, on this doubling thing, it might turn
8 out that in order to double the salmon population, you have
9 to do something less than double the striped bass
10 population. And I'm not a party to the idea that we should
11 double at the expense of stopping the production of food in
12 the State of California. So there does have to be some
13 balancing here with these human needs and the impacts of the
14 exotics, and we do have to be realistic about what's
15 achievable.

16 MS. MCPEAK: Alex, on the draft, have you had a
17 chance to review the three-page document that was submitted
18 today?

19 MR. HILDEBRAND: That was submitted today?

20 MS. MCPEAK: Yes, that was in the blue packet
21 today.

22 MR. HILDEBRAND: No, I haven't really.

23 MS. MCPEAK: Okay. Bob.

24 MR. RAAB: Dick, maybe you can clear up a point for
25 me here. Earlier on, if I heard you correctly, you were

1 saying that many of the scientists who are involved in the
2 CALFED ecosystem process were also involved with the CVPIA
3 process; is that correct?

4 MR. DANIEL: Yes, it is.

5 MR. RAAB: So then what puzzles me is how is it
6 that the scientists came up in the CVPIA with a doubling of
7 salmon that you -- if I heard you correctly, you said that
8 you don't know of any scientists now who would want to say
9 the very same thing. What happened?

10 MR. DANIEL: I was very much involved in the
11 drafting of the Central Valley Project Improvement Act. I
12 know that almost anybody you run into claims that, but I can
13 tell you that I was. And I can also tell you that the
14 doubling notion, the target or the specific mandate was not
15 developed by a biologist.

16 MS. MCPEAK: It was political negotiation and a
17 policy target.

18 MR. DANIEL: Yes. And Fish and Game has the same
19 mandate in some legislation that was in Senate Bill 2261,
20 also just because of my role in the Fish and Game I was
21 involved in. And there it's set up as a target or a goal
22 rather than a very specific and rigid mandate.

23 MS. MCPEAK: Okay. I'm going to -- yes, Lester is
24 going to make a comment. We don't have any requests from the
25 audience on this particular item. If we've just missed

1 rather than just listing all the alternatives because you
2 have to know a lot about the system so fit the alternatives
3 together and understand how it all operates.

4 And so that's something that is coming along and is
5 essential if we are going to make a cut to a short list that
6 everybody understands how each of the ten works, what it can
7 do, what it cannot do.

8 MS. MCPEAK: Thank you, Lester. Okay. Just to go
9 to public comment on this item.

10 Gary? Is there anyone else who is planning to
11 provide public comment? Okay. Thank you. Good.

12 Gary.

13 MR. BOBKER: Thanks. I apologize for not handing
14 in a card. I actually didn't know that that was the
15 procedure, but I probably just wasn't listening when you went
16 over that.

17 MS. MCPEAK: I only said it twice, Gary.

18 MR. BOBKER: You're just going to have to make your
19 presentation more dynamic. What can I say.

20 MS. MCPEAK: I'm a boring person. I'm sorry.
21 You'll just have to listen.

22 MR. BOBKER: Yeah, I know. Well, I'll try to rise
23 to the same level of excitement here.

24 I want to make a couple of things clear about the
25 critique that's been offered by the Environmental Water

1 you -- okay, Gary. I don't assume anything. I need the
2 cards. Okay.

3 Lester.

4 MR. SNOW: A couple things that I think might help
5 in understanding where we're heading and what will help all
6 of our understanding is kind of the -- what you have in the
7 packet with respect to the ten alternatives is what we call
8 Overview Statements. The next thing to come along are the
9 Detailed Descriptions. Those are underway as we speak here
10 today. Those will be made available in time for the workshop
11 on the 15th. And you see a much more detailed description of
12 how these alternative works -- how these alternatives work
13 and what the components are.

14 The thing that will follow along right after that
15 are these narrative descriptions of how this all works that
16 shows the linkage between the different approaches and
17 habitat and water quality and water supply and system
18 vulnerability.

19 And so, again, just to reiterate, we'll have
20 strategies in the four areas. You have one in front of you
21 for habitat that basically covers an approach that's being
22 taken. And then what you will see is how that approach is
23 fitted into a specific alternative. And it does, in fact,
24 differ depending on what you're doing in the other resource
25 areas. And so we're trying to develop a narrative approach

1 Caucus and to adopting appropriate targets for the
2 ecosystem. One is that we realize, probably as well or
3 better than any of the other players, that it is very, very
4 difficult to come up with hard numbers to quantify ecological
5 goals. In fact, we don't think you can capture a lot of
6 ecological values, and we don't expect that the initial
7 targets that are set for CALFED will do that.

8 Over time a comprehensive ecosystem program will be
9 developed we hope which will capture a lot of those values
10 which are difficult to get our hands around now. Also a
11 phased adaptive approach will help us do that. But we do
12 think that it's appropriate to have some targets now to give
13 us an idea of the scale of restoration, to give us an idea of
14 the kinds of thresholds we have to cross to say, well, we're
15 getting close to success. That's going to be very, very
16 important for beginning to look at the alternatives.

17 The problem that we've had thus far has not
18 necessarily been that we disagree with the kind of
19 assumptions about habitat or other ecosystem components that
20 CALFED is using is that we just don't know what they are.
21 They haven't been made explicit in the material we've gotten
22 so far. Once they're made explicit, we may actually find
23 that there's many areas of agreement. But we look forward to
24 be being able to review those assumptions about habitat.

25 But I want to stress that we do need before we

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1 proceed with evaluation of alternatives to set those
2 appropriate targets to give us thresholds. The Environmental
3 Caucus is working on a number of ideas on what some
4 appropriate targets might be. I'll share some thoughts about
5 some of the incipient ideas that we have and also respond to
6 some comments that Lester and Dick made about how the
7 ecosystem components might vary among alternatives.

8 One thing that we've been kicking around has been
9 the idea that there is a lot of information about estuary
10 dependent, resident -- native resident and anadromous fish
11 and about what the recovery criteria to get those species out
12 of trouble is. And a threshold for CALFED's alternatives to
13 reach would be to provide the amount, the quantity and the
14 quality of habitat, and I mean the extent, the geographical
15 distribution, the minimum patch size and the distance between
16 patches of habitat that would meet the recovery criteria for
17 estuary-dependent species.

18 Your goal is not to provide a specific population
19 level there. It's to get to the habitat requirements, and
20 using a phased adaptive approach, we can revise them and see
21 how well we're doing. That's something that there is a lot
22 of quantitative information about. It's something we can
23 build and use as a template for appropriate targets. It
24 seems to be the least that we should be doing with these
25 alternatives.

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1 I also want to make the point that Lester's made
2 very strongly the point that you can't -- you can't have an
3 ecosystem registration strategy. That's totally generic.
4 He's right. There will be parameters of restoration that are
5 different because of different diversion strategies in
6 particular. However, that's not really true of a lot of the
7 restoration elements. There are things about the total
8 extent of habitat, things about the kind of habitat we want
9 really are probably -- may be very independent of diversion
10 strategies.

11 And so the generic elements may be actually -- we
12 may be able to go a lot further than I think. The CALFED
13 folks are thinking at this point. In any case, we look
14 forward to working with them on that.

15 The beyond minimum thresholds, I think there's a
16 need to have some broader, longer-term visions of the kind of
17 a scale of a restored ecosystem we'd like to see. We're
18 kicking around some ideas that would have to do with
19 reference conditions, trying to get back to a time when we
20 thought we had ecological health and not trying to reproduce
21 what we have -- exactly what we have been, but trying to get
22 to the equivalent, same total, high-quality habitat that we
23 had then. And we will be meeting with CALFED staff to flush
24 out some of these ideas.

25 Final comment that I want to make is that the issue

1 of flow amounts and timing really has not been adequately
2 addressed in discussions of ecosystem restoration. Again,
3 I'm not sure that we need to be setting cubic feet per second
4 goals for flow improvements, but we need to really be a
5 little more specific about what kind of environmental flow
6 improvements would we like to see. And then in looking at
7 the alternatives, how can we manipulate the system to be able
8 to provide those flow improvements and still meet all the
9 other purposes of a long-term solution.

10 Those are my comments. Thank you.

11 MS. MCPEAK: Thank you, Gary. The letter of March
12 5th does go into many of these items that should be looked
13 at. I'd like to ask staff to take all the comments that have
14 been received in writing, and also Steve was specific about
15 the need for monitoring, and take that into account when you
16 will -- I think probably provide Beth a refined statement.

17 The next month is going to be a thrill I guess
18 given what is supposed to happen in the next two weeks. And
19 then we'll be back in a month with the report from Dick's
20 work and the agencies' input from the Environmental Caucus.
21 So we would expect to see this refined and brought back to
22 us. Is that right, Lester?

23 So I'm just reminding you if we can get additional
24 input and written comments, looking at what has already been
25 submitted, seeing what on the core action list you would also

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1 want to propose be considered and what modifications to the
2 strategy that you would propose, and we're going to note what
3 Steve had recommended.

4 If you're comfortable with sort of this as a
5 concluding point, we'd like to move into next dealing with
6 the Financial Strategies before lunch. But Mary.

7 MS. SELKIRK: I have a quick question. I know we
8 have a recorder over there. I'm wondering if there's some
9 way that we can -- whether those can be transcribed in some
10 way that we can have copies of.

11 MS. MCPEAK: Can we get them sooner rather than
12 later? And I'm really grateful to have a recorder there,
13 too.

14 MS. SELKIRK: Yes.

15 MS. MCPEAK: Okay. Let me get Bob and then
16 Mr. Petry.

17 Bob.

18 I didn't understand, Mr. Petry, you wanted to speak
19 on this.

20 Robert.

21 MR. RAAB: Once upon a time I was going to make a
22 motion, and I was told we can't make motions; is that right?

23 MS. MCPEAK: I think you can make notions as long
24 as it's on an item that's been properly noticed.

25 MR. RAAB: Okay. The motion I would make is that

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1 we break for lunch now and then come back to Financial
2 Strategies.
3 MS. MCPEAK: Okay. Before we take that up -- and
4 is there a second to that? I mean, I will respect
5 procedures.
6 Alex, are you really seconding that motion? If the
7 only thing I can get you and Bob to agree on is when we break
8 for lunch, we're not going to make enough progress.
9 So before we debate that issue, apparently we had
10 one more public comment.
11 AUDIENCE MEMBER: why don't we wait until after
12 lunch.
13 MS. MCPEAK: I want to plead my case that we need
14 to deal with the second item before we break for lunch. Can
15 you really not wait until then?
16 MS. GROSS: sunne, does it mean that we won't be
17 done by 4:00?
18 MS. MCPEAK: It means that we -- no, here's what
19 will happen. We will be finished by 4:00, but we won't have
20 gotten through as much of the discussion as we had intended
21 to. And so we were trying to at least take the Financial
22 Strategy presentation before lunch. But we have a properly
23 introduced motion on the floor.
24 Is there any other comments on that motion? I
25 would like you to --

1 11:54 and reconvened at 12:39.)
2 CHAIRMAN MADIGAN: All right. We are back in
3 session. We are going to move next into the presentation on
4 Financial Strategies. But before we do that, I'm going to
5 call on Mr. Petry who had his slip this morning and
6 gracefully gave his time to everybody so that you could have
7 lunch.
8 Mr. Petry you're on.
9 MR. PETRY: Good afternoon, Mr. Chairman and
10 council members. It's a pleasure being back seeing the
11 council members again. I missed the meeting and it's the
12 second meeting I've missed since they adopted their bylaws
13 back when it was BDOC.
14 Anyway, I've gathered some information somewhat in
15 the time frame since I've been here last, and I'm a little
16 bit disappointed because in the 20 alternatives there wasn't
17 enough consideration given to the upper San Joaquin River.
18 We talked about many phases and aspects of what we can do
19 with the different phases and how many people and fish and
20 wildlife people and farmers and whatnot would benefit from
21 aspects and things done in the San Joaquin in the upper
22 region.
23 In the San Joaquin River we have interrupted flows
24 and then like nine, ten-month flows that are interrupted.
25 Our aquifer was fed by a subterranean stream flow in the City

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1 MS. SELKIRK: If we leave Financial Strategy until
2 after lunch, we'll all be zoning out.
3 MS. MCPEAK: I sense the tide. You have too low
4 blood sugar. You need some food I guess.
5 MS. SELKIRK: No, I was saying I think we should do
6 it now and then break for lunch.
7 MS. MCPEAK: oh, you want to do it now.
8 MS. SELKIRK: Absolutely. I'm afraid if we wait
9 until after lunch, everybody is going to snooze through it.
10 MS. MCPEAK: Good. I'm with you then, Mary.
11 One more brilliant comment.
12 CHAIRMAN MADIGAN: I don't think that we ought to
13 shortchange the financial considerations and to try and
14 shoehorn it into a five to seven-minute presentation. I
15 think it's foolish. We have spent a lot of time on habitat,
16 and I think that's useful and appropriate. But to shoehorn
17 the financial considerations into a short-term thing I think
18 is a mistake.
19 MS. MCPEAK: okay. What Chairman Madigan just said
20 is if we break now, we can come back at 12:35 and that would
21 be his intent if we do break.
22 So the motion on the floor, with a raise of hands,
23 how many want to support the motion and break for lunch now?
24 It's a majority. Thank you.
25 (Whereupon, the hearing recessed at

1 of Mendota, and we've been denied that water. That's
2 high-quality water. The closest your source of water supply
3 comes from, the less chance you have of contaminants. With
4 the little bitty clout that water quality has now to control
5 the water raise, you have more chance of contaminants.
6 I think the regional board and the local boards
7 need more control over water quality. The further away your
8 water is, the more chances you have of contaminants. The
9 City of Mendota used to have the supply of water from
10 San Joaquin River, and Middleton Lake is only 40 miles away.
11 We don't want water from the California Aqueduct because,
12 first off, we can't afford the filtration system. It's
13 pretty elaborate as to the type of filtration system that we
14 have now. You pour water on the ground, it costs less to
15 filter than it does for surface water. Then you can't be
16 guaranteed quality water from the estuary nor quantity
17 anymore.
18 So we'd like to go back where we was before. The
19 only way you're going to do that is with additional flows or
20 more flows in the San Joaquin River. Additional storage.
21 There would be a lot of factors and a lot of people that
22 would benefit. The fish would benefit, the salmon run, the
23 habitat along the San Joaquin River, the people of Mendota, 8
24 to 12,000 depending on the season. We're an agricultural
25 community and we support agriculture as long as they don't

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1 dump their San Luis Drain water on us.

2 So we have a problem with water quality from the
3 San Luis Drain, 43,000 acres that they want to take out of
4 production. But they're not very swift about doing that. If
5 they take 1,000 acres a year out of production, that's 43
6 years we got to wait to do something with our aquifer. We
7 lost our well field. We pulled the pumps and boulders out.
8 We have to do redo them because they're eaten up with salt.
9 Our infrastructure, our water infrastructure in the City of
10 Mendota, our water tanks, two one-million gallon tanks
11 periodically have to be drained, cleaned, sandblasted,
12 recoated because of the salts. We lost the pressure tank
13 because of the salt blisters on it, the rust blisters.

14 When we talk about economics, we need to talk about
15 economics of the little people, the people that can't handle
16 it, the people that can't get help with it. It's a drastic
17 situation in the City of Mendota. I'm not here politicking.
18 I'm not a politician. I don't belong to a water district and
19 I'm not a farmer. I'm an individual that has lived with the
20 situation, and I was there when the quality of water was
21 outstanding. No filtration, no chlorination. Out of the
22 ground into the pressure tank into the system.

23 The off-site infrastructure where water has been
24 drastically damaged from the 17 hundred parts of total
25 dissolved solvents that we have in our aquifer, where's it

1 they have good quality water. The City of Tranquility just
2 south of us. Firebaugh is north of us eight miles.
3 Tranquility is just a little while south of us. They have
4 high-quality water out of the ground, but they're out of
5 confluence of the San Luis Drain. We don't need a study on
6 that. I've lived it. We need to rectify it. We can't wait
7 for 43 years. We need an action plan and we need a time
8 frame as to when you're going to implement that action plan,
9 whether respond basis, reverse osmosis. Pick it out.
10 Whatever you want to do, but we need to get it done.

11 There's social economics when you take that land
12 out of production. What happens to them 8 to 12,000 people
13 that support agricultural? That's where the labor force
14 comes from. 8,000 people -- 8,000 population off season, on
15 season 12,000 population. That has an effect on an
16 infrastructure, sewer and water.

17 The contaminants coming out of the Penoche Hills,
18 489 parts per billion of selenium, and you're worried about
19 230 parts down in the grasslands? How did it get in the
20 grasslands? Do you understand the hydrology? Do you
21 understand how the water runs out of the Mendota pool, the
22 heart of the Central Valley region? You get poor quality
23 water.

24 We had a 13 hundred second foot flow, cubic second
25 foot flow that was supposed to go under a bridge that has 180

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1 coming from? The San Luis Drain. Where else could it come
2 from. We're at the bottom of the basin. We fight the east
3 side. We fight the west side. The west side puts the water
4 on the land. It gets into the land infrastructure. It
5 forces it and the subservice area and goes into our aquifer.
6 Then the people on the east side, non-project pool pumpers
7 and the people that are making up for the 800,000 foot of
8 water are pulling out from an aquifer that isn't being
9 replenished by the San Joaquin River. Where is the sense of
10 that? Yet the Bureau wants them to go on it with. We can't
11 handle it. We cannot handle it.

12 You go outside the city limits, City of Mendota, at
13 Ohio Avenue, which is a mile out of town, that's a mile to
14 the west, the standing water is at a foot and a half. You go
15 out to the Washoe alignment, Washoe Avenue, there's 12 foot
16 deep higher up in the confluence. What's that tell you?
17 There's 162 or 63 manholes already there for you to go see
18 for yourself where the water has come up in the aquifers.
19 Those are the manholes that are on the main collect line
20 spread throughout the San Luis Drain, the 43,000 acres. If
21 you can check them manholes -- you know, send one man out
22 there with a damn measuring tape and take soundings and
23 readings and you can see for yourself. There doesn't have to
24 be any study on it. I've seen it. I know. I've lived it.

25 The City of Firebaugh. Marcia Seblan will tell you

1 cubic second foot capacity. They're 60 foot long and three
2 foot deep, the channel. The water was 16 foot over the
3 elevation of the bridge draining 295,000 acres of watershed.
4 Talk about contaminants.

5 Tummy Gulch that ran down along Manny Avenue and
6 backed up against the San Luis Drain that hasn't been
7 completed, the farmers pumped it in the San Luis Drain to get
8 rid of it. Their Aquifer couldn't take any more water, so
9 they pumped it into the San Luis Drain. It went to Kesterson
10 and somebody raised hell about that. Well, I guess they had
11 a right to do it. Who wants them contaminants. Tummy Gulch
12 is one of the worst places there is for badlands. Something
13 has to be done.

14 We've had a month and a half of flow from Penoche
15 Creek to the City of Mendota this year, maybe two or three
16 days to where the kids could cross to get to the high school
17 from the residential section across Belmont Avenue to the
18 high school. We've been putting up with that for 40 years
19 that I've seen. I was there when the Bureau of Reclamation
20 wrote their report on clearing the snag in the San Joaquin
21 River when I lived in Firebaugh. I seen flood waters over
22 there. I seen Beaumont Acres where there's a high school now
23 and development, a development of housing projects. Am I
24 right, Marcia? That used to be under water. Now they're
25 getting sub-scepage from underneath.

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1 Either we move with the times, stay up with modern
2 times or retire the land, but give us something to do for the
3 social economics of our community. I've got a pipe dream
4 that the Bureau of Reclamation buy a few hundred acres
5 outside the City of Mendota. We're the only ones being
6 affected by the groundwater contaminants. Buy it from the
7 farmers. Pay them a decent price for it. Pave it over and
8 give it to ag-related industry: Food processing, canneries.
9 Why do we have to send our stuff from the Central Valley
10 region to Sacramento to get it processed or to Stockton, then
11 turn around and send it to L.A.? Save on the trucking. Do
12 it right there where we grow it. Process it right there.
13 Have a cannery.

14 Ag-related industry requires a lot of water. Where
15 are we going to get the water? Let them pump it out of the
16 aquifer between the cork and clay area and the subsurface.
17 But then they have to clean it up with reverse osmosis. It
18 doesn't have to be a lot of industry; enough to keep waters
19 from getting into our aquifer. What good is it going to do
20 us to get high quality water from the San Joaquin River when
21 you're pulling the contaminated water from one side to the
22 other? There has to be more common sense issues taken into
23 consideration and forget the politics and the politicians
24 that are lobbying for campaign funds and not taking care of
25 the issues.

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1 What I'm asking for is some consideration from the
2 Bay-Delta Council to look at our situation, take in the
3 concerns of the upper San Joaquin River. Give us the flow.
4 25 foot in elevation in Millerton Lake will give you another
5 550 foot acre foot cap -- 500,000 acre foot capacity. You
6 can pump it up to Finegold Creek and pay for all the pumping
7 and putting it up there and you're only going to get 350
8 cubic second an acre foot. And not only that, you're going
9 to have dead water. Every time you develop a reservoir, you
10 wind up with dead water that you can't use. Additional
11 storage in Millerton Lake will help the fish, will help the
12 people. It will help the farmers.

13 Who cares how much non-project water you're taking
14 out of an aquifer providing that you have a source of supply
15 that you can feed it with. Does it make any sense to bring
16 that water well away from the Sacramento Delta past Mendota
17 to Los Angeles? Does it make any sense for the people of
18 Mendota to pour water out of the storage that you're going to
19 have in the 20 alternatives in the Sacramento Delta with the
20 chances it going to have to get contaminated when we could
21 have it right in our own backyard?

22 I'd appreciate more concerns and considerations for
23 the little people. Thanks for your time. I won't bother you
24 any more today.

25 CHAIRMAN MADIGAN: Mr. Petry, your comments are

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1 always welcome here. Are you sure you have no interest in
2 running for public office? I have to tell you that I
3 continue to be impressed with how much you have educated
4 yourself on the issue. Your comments have become really on
5 point and important for this group.

6 MR. PETRY: Mike, I'm not highly educated.

7 CHAIRMAN MADIGAN: Thanks for being here.

8 MR. PETRY: When I was a kid, my father had a hell
9 of a time keeping me in school.

10 CHAIRMAN MADIGAN: You're doing fine. He'd be
11 proud of you.

12 MR. PETRY: You know what he told me? He says hang
13 around with these people that don't have much hair on their
14 head. They seem to be highly knowledgeable. Then I run into
15 guys like you and Alex Hildebrand and Tom isn't here today,
16 and that kind of blew everything, didn't it? Thank you.

17 CHAIRMAN MADIGAN: Where were we. That's right.
18 All right. The next item on the agenda --

19 Alex, yes.

20 MR. HILDEBRAND: Thank you. I'd just like to
21 comment that what Ed's just described to you is only a part
22 of the consequence of the CVP cutting off the flow of the
23 San Joaquin River, Friant and imparting millions of tons of
24 salt from the Delta via the Delta Mendota Canal, putting it
25 on the east of the side valley and then not providing any

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1 means of removing that salt from the valley.

2 CHAIRMAN MADIGAN: Thank you. I had assumed that
3 he was saying things with which you would find substantial
4 agreement. Does Millerton work as well as Friant?

5 MR. HILDEBRAND: It's the reservoir behind Friant,
6 so that ...

7 MR. MADIGAN: Oh, well, that's the answer to that.

8 All right. Zach McReynolds is up next, and then
9 Zach is going to have the support of Eric as the chair of the
10 subcommittee.

11 What I hope we get out of this is direction to Zach
12 that, yes, sure enough, he has framed the issues for the
13 subcommittee accurately or, no, in fact, he hasn't and there
14 are things that he needs to do to reframe them. So as he
15 lists these items for you, your attention should be focused
16 on is that the way I would say this? Is that really the
17 issue here or is there -- or does this cover the issue in a
18 way that I think it should be covered?

19 And at the end hopefully we will come up with
20 guidance for Eric and Zach for their next -- for their next
21 meeting. Zach's hope is that you will write his agenda for
22 him.

23 Zach, you're on.

24 MR. MCREYNOLDS: Okay. Can you hear me now? All
25 right. There we go. I can hear it now. This is taking a

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1 slightly different direction than we went this morning in
2 terms of framing the issues. At your last meeting you
3 discussed putting together a little working group to be able
4 to focus in a little bit more depth on some of these complex
5 financial issues that have been brought before you and really
6 continue to be out there and be unresolved. And in working
7 with Eric over the last few weeks, with one abortive effort
8 to put together a meeting and then finally scheduling a
9 meeting for April 2nd for this working group, first meeting,
10 we put together a brief summary of what we thought some of
11 the critical unresolved issues were in the financial area.
12 I'll read these to you in case you can't see them because I
13 recognize this overhead is not terribly high in contrast.

14 The four big categories are the Cost Allocation
15 Methodology, Budget Issues, Alternative Statewide Revenue
16 Sources and Financial Structure. I can run through some more
17 detail on what we mean by that, but I should start off by
18 saying that the most helpful thing primarily that I would
19 hope to get out of this brief discussion is to know if this
20 is a good list, if this is a complete list. If the group is
21 satisfied that this list is -- with items that you might add
22 to it -- is a good place to start, has all the major topics,
23 then I think moving into the kind of detailed discussion we
24 had this morning in terms of talking about the issues may be
25 productive. But I would feel comfortable if we got through

1 going to cost me. They don't really care how much it costs
2 as long as somebody else is going to pay for it. So the cost
3 allocation methodology is critical because that determines
4 how the pie is going to be split up and how much each
5 particular group or each particular individual in some cases
6 is going to have to pay to get the benefits that we hope this
7 program comes up with.

8 Underlying that is another question that's been
9 talked about previously about do you use -- do you charge
10 people based on the benefits they receive or on some sort of
11 assessment of their responsibility for causing the problem.
12 That's another issue that needs to be resolved and it
13 probably comes up under Cost Allocation Methodology. Again,
14 not an easy one. The one sub bullet point you see here with
15 respect to financial capability is really a -- it's trying to
16 draw out the ability-to-pay question, which is another
17 difficult issue that needs to be grappled with.

18 Budget issues I think in general talks about the
19 fact that we're clearly in an environment where we have
20 limited resources. I think that Lester pointed out this
21 morning sort of the two sides of that question. Do you
22 really go about spending whatever you need to get a good
23 long-term solution to the problem or do you try to look for
24 just the absolute lowest cost thing you can come up with.
25 An outstanding issue.

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1 to the point of at least framing what the major issues are so
2 that we can take them back to the smaller group and look at
3 them in more detail.

4 Who's on the group. Well, that's in my briefcase.
5 Let's see. Those who are on the group know who you are. You
6 want to hold up your hands? It's Roberta. David Guy is not
7 here. He's on the group. Tom Maddock is on the group. He's
8 not here.

9 MS. BORGANOVA: Tom Graff's on the group.

10 MR. MCREYNOLDS: Tom Graff's on the group. He's
11 not here. I didn't tell them I was going to talk about this
12 today. It's just a coincidence. But maybe that explains
13 part of the reason we have trouble setting up a meeting
14 time.

15 The cost allocation question is really the one that
16 prompted -- as you'll recall, prompted putting together this
17 little group. That was that wonderful series of
18 brightly-colored graphs I presented at the last meeting which
19 everybody had such fun with. But that's really a fundamental
20 issue I think that we're going to have to get through in our
21 process in this group.

22 The underlying question is I think related to the
23 fact that people -- I think they're concerned about costs,
24 but I suspect that although some of them truly are concerned
25 about cost, most of them are concerned about how much is it

1 I think we know we have some financial constraints
2 just reality based on the total budget and that needs to be
3 dealt with, that question that Lester raised this morning.
4 We need to determine a way for evaluating cost
5 effectiveness. And part of that is related to the third
6 bullet under Budget Issues, which is prioritizing in an
7 environment of limited resources.

8 Alternative Statewide Revenue Sources refers to the
9 fact that there does appear to be a desire to spread the
10 costs of some of the actions that we're thinking about to a
11 wide audience. And the ultimate wide audience, as we
12 discussed last time, is probably the entire country. That's
13 the federal revenue source. The next smaller wide audience
14 is probably statewide, and we talked about one of the ways of
15 doing that being GO bonds. Well, what if the voters don't
16 pass GO bonds. We still I think want to have some statewide
17 sources of revenue to pay for those types of things, and we
18 need to come up with some alternatives or some supplements to
19 handle that kind of a contingency or to supplement GO bonds
20 if they do pass.

21 There's also the question of how do you pay for the
22 annual costs of public goods. GO bonds may be great or up
23 front capital, but they don't necessarily cover you on a year
24 in, year out basis for O and M. That's another statewide
25 revenue question.

1 The last one is really how to use financial
2 structure as a way to get to your durability solution
3 principal. You may be able to use the financing structures
4 to tie together other elements of the program to satisfy some
5 of your solution principals. So I hope that brief
6 explanation is helpful on what we see as some of the
7 outstanding issues and would defer to Eric for further
8 comments.

9 CHAIRMAN MADIGAN: Eric, let me call on you and let
10 me ask you to take us through those bullets to see if there
11 are other things that we need to add.

12 MR. HASSELTINE: Maybe I just can work through the
13 same kind of thought process here that Zach has just gone
14 through in just a slightly different way and then get back to
15 this list of issues.

16 Just once again to make clear to everybody that
17 there has been a subcommittee appointed by the chairman, but
18 the subcommittee has not yet met. We're trying to structure
19 more or less the agenda for that subcommittee's work. We had
20 hoped to have been able to have met and come back with
21 something by this meeting but we ran into noticing
22 requirements and that kind of thing which did not allow us
23 time to have the meeting prior to this meeting.

24 But primarily what we're looking at is an aspect of
25 this whole evaluation of alternatives that we're now going

1 resources. And somewhere along the line there's going to be
2 a finite budget. There's going to be a certain amount of
3 financial resources available for this whole thing, and that
4 may come into play before we get to the point of diminishing
5 returns or it may not. But either one of those will, I
6 think, govern how far we want to go with a particular set of
7 actions or alternatives.

8 What that thing comes down to is also, number one
9 up there, is how to allocate the cost once you know what it
10 is going to cost and you come down to a cost-effective
11 solution that you like. How do you go back and then allocate
12 those costs. Who actually pays for this. And you can do it
13 according to benefits by saying, well, the environmental
14 restoration benefits this amount, and the levy system
15 protection benefits a certain amount, water supply and water
16 quality benefit a certain amount. Try to come to those kinds
17 of rankings and, therefore, distribution of where the costs
18 ought to be borne. Then you have to look at the ability of
19 those sectors to pay for those costs, and that's going to be
20 a difficult problem I think obviously.

21 It's not clear yet how we will be able to pay for
22 or the sources of the funds for that whole discussion we had
23 this morning about habitat restoration that everyone agrees
24 needs to be an essential component of the system. The same
25 thing is true in terms of the system protection. How to

1 through, and we're trying to look ahead to determine the
2 degree of satisfaction to which the solution principals, in
3 fact, are reached on each of the alternatives. And solution
4 principals in this case obviously are affordability, equity
5 and also durability to a certain extent meaning to what
6 extent can the financial structure help to guarantee or
7 provide assurance that the alternative will work and stay in
8 place.

9 In terms of these rankings, I personally see this
10 as kind of a triangle of cost, effectiveness and value in
11 which to take any particular action that we think is going to
12 help us move toward the objectives. We need to see what that
13 action will cost and then we need to see what the
14 effectiveness of that action will be, how far will it take
15 us, and then we need to see what's the value of having done
16 that. And so as we start to put together the collection of
17 steps, we're going to be moving ahead in terms of a
18 cumulative cost and a cumulative effectiveness, we're also
19 going to be looking at both the total value of what we're
20 doing and the incremental as well.

21 I think there's going to be a point of diminishing
22 returns somewhere of which it's going to cost more to move
23 ahead than the value of what you're accomplishing. And it
24 may be that we can get to that or it may not because the
25 other constraint on the system is that there's finite

1 insure the stability and long life of the levy system because
2 the -- certainly not just the land owners involved on the
3 islands can afford to pay for that kind of a program.

4 So somehow in here there has to be a way of trying
5 to figure out how all this gets paid for once we have
6 analyzed it. So it's a big problem, and I think just like we
7 said this morning in terms of not being able to set
8 quantifiable goals for habitat restoration and we have to
9 sort of adapt as we go along, the same thing is going to
10 happen in this financial approach, so far as I can see, is
11 that we're going to have to make decisions about how to do
12 things as we go along. We can't really set it all out right
13 now as to exactly how all this will fit together. But I
14 would certainly welcome any comments from the other members
15 of the committee or BDAC in general.

16 One of the things we do want to do today though is
17 to more or less try to insure that we've surrounded the
18 problem with the list of issues that we have. So if anybody
19 has any particular issues, we would like to hear that today.
20 And we don't want to get too bogged down because, number one,
21 of time and, number two, that we're not prepared yet in any
22 specific little items or detail of these issues yet.

23 CHAIRMAN MADIGAN: Eric, let me start off with a
24 couple of things. Number one, while I like the GO bond as a
25 device for raising statewide revenues, there are issues that

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1 obviously complicate getting GO bonds. And one of them is
2 their passage by the voters which is -- at given times can be
3 pretty iffy regardless of the merits of the issue. And I
4 would hope that you would look to alternatives to the GO bond
5 that would as closely replicate the impact of the GO bond as
6 possible, but that at least one set of alternatives ought to
7 look at how you would do that without popular vote.

8 And whether that's -- you know, I hesitate to put
9 specifics because I'll be tarred by any of them that I
10 suggest, but whether it's a utility-type tax or a water-type
11 tax, which is sort of a utility-type tax, or whatever, we
12 ought to have some confidence that we can replicate a GO bond
13 impact in some fashion or another. Everybody shoot their
14 arrows. Let's see, hit this target here.

15 MR. HASSELTINE: What you're saying, Mr. Chairman,
16 is you want a nice broad base of funding --

17 CHAIRMAN MADIGAN: Yes.

18 MR. HASSELTINE: -- without having necessarily to
19 get the broad base to agree.

20 CHAIRMAN MADIGAN: Right. And I think at least one
21 of the options has to be before the House as to how we can do
22 that.

23 Ray?

24 MR. REMY: Number one, I'd like to compliment both
25 Zach and the committee. I think you're clearly on the right

1 financial tools but also for all sorts of other institutional
2 options or overlays to fix things. So that's very -- that is
3 very high profile as an issue.

4 CHAIRMAN MADIGAN: Anne.

5 MS. NOTTHOFF: Are we going to see a series of
6 scenarios or different options? I mean, how is this going to
7 back come back to us? You know, we had quite a bit of
8 discussion at the last council meeting how SB900 would fit
9 into this mix, how Category III funds from CVPIA would fit
10 into the mix. For example, what's happening with the report
11 that Fred Cannon was preparing? Is that getting fed into
12 this as well?

13 MR. MCREYNOLDS: I think if I understand your
14 question correctly, the results of this working group -- this
15 is really a fact-finding working group as opposed to an
16 answer-finding working group. What I would expect to come
17 back with from the fact-finding group is a list of options
18 and potentially the pros and cons of the various options, the
19 strengths and weaknesses of the various options presented as
20 objectively as they can be with recognition that there may be
21 some subjectivity here. And I think the intent is to do that
22 fact-finding and do the research and bring that back to the
23 main group.

24 CHAIRMAN MADIGAN: Eric, did you want to add to
25 that?

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1 path of trying to get some handle on the fiscal side and
2 array.

3 It wasn't clear to me whether there is an
4 opportunity here to try and also evaluate the feasibility of
5 the financing alternatives. I think, Mike, you've mentioned
6 the difficulty of a vote. I mean, one could perhaps agree
7 that a one-percent increase in the state income tax devoted
8 to water would be a very good way of funding this, but the
9 political feasibility of that I think is less than zero.

10 So I think it would be useful within this process
11 if it isn't contained at least some attempt to rank the
12 feasibility of the financing alternatives. Some lend
13 themselves to much more easily attained than others do.

14 MR. MCREYNOLDS: Can I make a comment there?

15 CHAIRMAN MADIGAN: Zach.

16 MR. MCREYNOLDS: I think you raise a good point
17 that I neglected to raise in the -- well, it didn't get
18 raised in the brief discussion of solution principals this
19 morning, which is that a lot of the issues that get raised
20 about our alternatives in general, not just the finance
21 portion, but all of them in general relate back to one of our
22 solution principals. That one clearly does. That's the --
23 I think what we call implementability, and all those
24 questions about, "Is this real," get brought up there. So
25 that question clearly is on the table, definitely for the

1 MR. HASSELTINE: No.

2 CHAIRMAN MADIGAN: Okay. Bob.

3 MR. RAAB: Just a couple of thoughts. Jim Costa at
4 our BDAC meeting in Los Angeles broached the idea of thinking
5 of the Delta as a utility or creating a Delta utility. To me
6 there's a lot to be said for that, not as a total solution
7 but as a substantial part of the solution because I think a
8 lot of the beneficial uses of the Delta are going to users in
9 the same way that other utilities supply other users; gas and
10 electricity and telephones. There are similarities
11 similarities there, and that suggests to me in a financial
12 way that the primary way of paying for Delta costs is user
13 fees and not, as you say, Mike, GO bonds.

14 And I would suggest a little further that
15 beneficial fees have their own scales. Fishermen should pay
16 some of the cost of Delta improvements. Farmers should.
17 People who get drinking water should pay a lot I think. I
18 would -- this just suggests to me that there's some kind of a
19 need for trying to quantify what percentage of beneficial
20 uses goes to what users.

21 CHAIRMAN MADIGAN: Would you say that those who
22 divert upstream of the Delta for water supply should pay the
23 most?

24 MR. RAAB: No, I think they should pay something,
25 but I don't know how much.

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1 CHAIRMAN MADIGAN: Just checking.
 2 MR. MCREYNOLDS: I'm just curious. I'm not quite
 3 sure what the underlying issue is. I sort of hear a sort of
 4 a cost allocation kind of an equity -- the cost allocation
 5 really relates to our kind of equity solution principal; make
 6 sure the cost allocation is fair. Is that what's underlying,
 7 because on the opposite side of that utility argument is the
 8 one that was raised just a moment ago about the --
 9 essentially the political viability of creating a new
 10 institution. And I -- that's one of the things that has been
 11 suggested, and I happen to agree with you. I think it's
 12 definitely something that should be considered.
 13 MR. RAAB: I didn't hear -- I didn't think that
 14 what I said about a utility would necessarily go against what
 15 was said -- I forgot exactly what it was you were saying
 16 wouldn't work.
 17 MR. MCREYNOLDS: Well, I'll tell you why I made
 18 that connection. My initial thought would be that a new --
 19 some sort of new utility in the Delta would probably have to
 20 be a creature of a probably a special authorizing
 21 legislation -- legislative act from the legislature.
 22 MR. RAAB: Jim Costa broached this idea. He's a
 23 pretty sensible guy. I think he must have thought there
 24 might be some credibility to considering this.
 25 MR. MCREYNOLDS: I agree with you. I think it's

1 MS. SCOONOVER: That's essentially correct. This
 2 group is going to be a fact-finding group. The idea is to
 3 have a small-focused effort to get greater information on
 4 this subject and perhaps others. They will be publicly
 5 noticed meetings so that members of the public or members of
 6 BDAC can attend if they so choose. There's nothing that
 7 prohibits recommendations from this group; however, this is
 8 not the kind of body that will in some way narrow your
 9 options. Their task is to research the subject, analyze it,
 10 digest it, come out with pros and cons, a series of
 11 recommendations if that's appropriate, bring it back to this
 12 spot. And this is the body that will deliberate. This is
 13 the body that will make the final decision.
 14 MS. KAMEI: So it's basically information?
 15 MS. SCOONOVER: Yes, but there's nothing
 16 prohibited. If the group comes to some consensus that there
 17 is an approach to one of these items that is appropriate,
 18 that it's entirely appropriate for that group to make the
 19 recommendation to this whole body that they think this is a
 20 really good idea that you all ought to consider. What they
 21 won't do is eliminate or drop out some of the other options.
 22 It's just a better, kind of more focused effort to get
 23 information into this group.
 24 CHAIRMAN MADIGAN: Stu, did you want to say
 25 something?

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1 definitely something that needs to be considered.
 2 CHAIRMAN MADIGAN: Rosemary.
 3 MS. KAMEI: I was wondering when -- you mentioned
 4 that this was going to be a fact-finding group. Will the
 5 group come back with different information that would not
 6 exclude suggestions such as bogs on a utility tax or a
 7 separate Delta utility, or are they going to bring us a
 8 recommendation as to what cost allocation would be and how it
 9 would be equitable for everyone? I was just wondering what
 10 approach you're using.
 11 MR. MCREYNOLDS: I look over to our attorney who
 12 might be able to help me out here. This is new ground that
 13 we're testing here. The fact that you have state as well as
 14 federal involvement creates some legal issues. That's one of
 15 the reasons we had to delay the meetings was how to work
 16 through those particular issues.
 17 And I think the exact role of this fact-finding
 18 group needs to be handled carefully, and it's my
 19 understanding that that group probably is not in the position
 20 to come back -- not in the position to take a vote on things,
 21 not in a position to come back with recommendations. It's a
 22 fact-finding group that's supposed to investigate
 23 alternatives and do some analysis and bring it back to the
 24 main group.
 25 CHAIRMAN MADIGAN: Counselor.

1 MR. PYLE: Yes. My original question was kind of
 2 what you've kind of been analyzing here on the institutional
 3 administration of this whole process. And I didn't know if
 4 you had that included under Financial Structure as the
 5 administration of this, the decision-making, as to, you know,
 6 how much money is going to be allocated over a period of time
 7 towards habitat environmental restoration, how do you
 8 coordinate those funds that are coming from the CVP. And
 9 you've got a lot of contractual obligations of various
 10 parties, money that's going into the system one way or
 11 another. And it just seems that there's a whole
 12 administration and management issue here of coordination that
 13 needs to be addressed.
 14 MR. MCREYNOLDS: I think that really probably
 15 qualifies for a new bullet up here. If I understand you
 16 correctly, it's sort of the question of how are you going to
 17 make future financial decisions. And there's clearly an
 18 effort, several efforts going on to talk about institutional
 19 structures, but it may be appropriate for this financial
 20 group to focus on the financial portion of that. So we can
 21 add that one.
 22 Is that right? Did I hear you right, how you make
 23 future financial decisions?
 24 MR. PYLE: Yes.
 25 CHAIRMAN MADIGAN: Let me ask. Eric, is this kind

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1 of sufficient guidance for you to -- all right. Anybody
2 else?

3 Roberta.

4 MS. BORGANOVA: I just had a question. It does
5 help clarify that the group is basically going to be
6 fact-finding, but at what point will the components, the cost
7 components that teams, the CALFED teams are putting together
8 be married to this fact-finding group looking at different
9 financial strategies? Because that goes to Stu's question of
10 how we make future financial decisions.

11 MR. SNOW: Perhaps a couple of responses to that.
12 One is that later this afternoon we'll start interjecting
13 some basic cost numbers into these alternatives. You'll
14 start getting a feel for the kinds of ranges that are out
15 there. As that gets refined, we'll certainly make that
16 available to the working group to work through that.

17 But also related to the issue that Stu brings up
18 about the future and how do you make future decisions, to
19 some extent that gets into the institutional guarantees
20 issue, a much broader assurances issue. That needs to kind
21 of run to ground. The classic example of that is that if
22 you're in an adaptive management program and that's what
23 you're depending on, how do you know where the second
24 installment of money will be when you're ready to adapt your
25 management. And that's pretty critical.

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1 And the other side of that from, let's say, a water
2 user perspective, if you notice most of the staging that we
3 have proposed in here, some of the facilities and some of the
4 alternatives that are most important to the water users, for
5 example, are in the last stages. How do you know they will
6 happen when they're supposed to? And so those are broad
7 assurances issues that we'll need to address as we move
8 forward.

9 MR. MCREYNOLDS: I might recall you to the overhead
10 that you used this morning, Lester, where if you end up -- if
11 you end up with a problem with one of the alternatives, you
12 have a difficulty, it may be helpful -- it's helpful for
13 me -- it may be helpful for you to try to determine what
14 you're underlying solution principal or technical issue may
15 be. And if you've been able to under -- find out what your
16 underlying issue may be, then you can help maybe determine if
17 it's a technical issue, maybe it's a technical change in the
18 alternative that's in order. If it's a solution principal
19 issue that's not really technical but it's one of the other
20 solution principals like equity or durability or something
21 like that, then maybe an institutional fix is what you're
22 looking for to address your concern with the alternative.

23 CHAIRMAN MADIGAN: Okay. Eric. Oh, Pat. I'm
24 sorry. Right. Excuse me.

25 MR. MCCARTY: My question is along the same lines

1 as Roberta's. In my experience you have to know what things
2 are going to cost or what you're going to spend. And that's
3 going to determine somewhat the vehicles, the mechanisms that
4 you're going to use to pay for. Different doors open
5 depending upon the amount of dollars you're seeking.

6 Without having the cost components married to this
7 list, it's difficult to talk about that list and get any
8 specific solutions or even principals outlined. And it's
9 difficult to talk about the costs when if you follow up on
10 the discussion this morning, if we're talking about the
11 quantity of different types of habitat, shaded riverine
12 aquatic might cost us a million dollars a mile. Riparian
13 shrub might cost us \$500 an acre. And until we know those
14 kinds of mixes, how are we going to affix a cost to this and
15 then discuss applicability of different financing mechanisms
16 to pay for it. It seems we have a cart and a horse issue
17 here.

18 MR. MCREYNOLDS: I agree with you. I think it's
19 been difficult for everyone to deal with these financial
20 issues in the abstract since last summer. I do know,
21 however, that there's been an enormous amount of work going
22 on to try to come up with these first rough cost estimates.
23 So we may not be in the position of -- we don't necessarily
24 have to go blind on this. We now are starting to get to the
25 point where we might have some costs numbers that we can look

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1 at in terms of orders of magnitude for these things so we can
2 really determine if it makes sense to look at certain sources
3 for certain dollar amounts.

4 But you also raised another question that's on
5 here, which there's also been a lot of work on, which is cost
6 effectiveness. And I think one of our solution principals,
7 one of the subpoints within the solution principal says that
8 you should be doing the cheapest thing that you can find to
9 get you a certain level of benefit. And, you know, that's --
10 once again, that's easy to say in the abstract and sometimes
11 difficult to implement.

12 But there's no doubt that the people who have been
13 trying to work on developing these alternatives and these
14 cost numbers are clearly trying to look for what's the most
15 cost effective way to get results, not exclusive -- not doing
16 everything exclusively -- and a lot of it's just been
17 professional judgment to this point, but not to do things
18 exclusively and just totally disregarding any cost
19 implications of anything they're doing.

20 CHAIRMAN MADIGAN: Okay. Eric, good luck to you.
21 Thank you all very much for your participation. Zach, thank
22 you.

23 Before we move on, I want to make another
24 appointment because I happen to think this notion of working
25 groups is a good one. This morning we spent quite a bit of

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1 time on the question of habitat strategy, and I have asked
2 Mary Selkirk if she would take on the chairmanship of a
3 habitat strategies working group akin to Eric's working group
4 on financial strategies. And I haven't made any appointments
5 to that working group yet. I would ask those of you on the
6 BDAC who have an interest in this to call either Mary or
7 Sharon and let them know of your interest.

8 Mary and Sharon will then come up with a balanced
9 group to look at the question. The same rules will apply;
10 that is that everybody on the BDAC is obviously welcome to
11 attend any of those meetings. They will be public.

12 Stakeholders and other interest groups can certainly
13 participate in them as well. And their charge is the same;
14 not to narrow and eliminate but to investigate and report.
15 And I thank you for taking this on.

16 MS. SELKIRK: I don't know whether to say you're
17 welcome or ...

18 CHAIRMAN MADIGAN: Yes, I know.
19 (Discussion off the record).

20 CHAIRMAN MADIGAN: Sunne suggests that with all the
21 things going on now and as hectic as everything is going to
22 be and with Dick's efforts underway, if -- Mary, if you could
23 come up with some sort of a date as a possible meeting date
24 for this, that might be helpful and people could start --

25 MS. SELKIRK: Before we leave.

1 can be added from the rest of BDAC. The reason we identified
2 this as one of the overarching issues is as we reviewed
3 the -- well, first of all, as we looked at the alternatives,
4 some level of water transfers are implicit or explicit in all
5 of the alternatives. And, of course, there are water
6 transfers going on today in the system.

7 When we looked at the comments that we received and
8 comments that have been made at the different meetings, we
9 clearly see people indicating that having some sort of market
10 transfer system is beneficial in that it provides market
11 incentives. It gives individual water users incentives to
12 improve the way they use the their water supply such that
13 they can then conserve and make available water for
14 transfers.

15 Also it's pointed out as a way of moving water
16 around from a non-regulatory standpoint rather than having an
17 agency, governmental agency decide who should and should not
18 have the water. You can use the market to do that. And it
19 provides, related to that, a mechanism in the case of a
20 willing seller, willing buyer to actually acquire water for
21 flows for the environment, and so it even ties into a habitat
22 strategy.

23 However, from a policy standpoint, it raises a lot
24 of questions that have to be answered. The most notable is
25 the impact that transfers can have over a long period of time

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1 CHAIRMAN MADIGAN: Yes, before we leave.

2 MS. MCPKAK: Give two weeks of notice so that you
3 can hopefully meet before the next BDAC meeting.

4 MS. SELKIRK: Right. I have a question about that
5 whether we -- Sharon, should we talk?

6 MS. GROSS: Yes, I'll take care of it.

7 MS. SELKIRK: In terms of picking a date, are there
8 some staff constraints that you might have that apply here?

9 MS. GROSS: Probably some, yes.

10 MS. SELKIRK: Okay.

11 CHAIRMAN MADIGAN: She will look at dates. And
12 that's a good idea, Sunne, and we'll try to get some sort of
13 a date set today so it can be noticed.

14 We're going to move on next to water transfers.
15 And who is going to initiate the water transfers?

16 MR. SNOW: One thing on the general schedule are
17 these work groups. I just realized between now and the next
18 BDAC meeting are eight scoping meetings all across the State
19 of California, which we hope BDAC members will attend when
20 they're in your area. So as much as we can accomplish
21 between now and the next BDAC meeting, that would be great,
22 but it might be very difficult coming up with very many
23 meeting dates.

24 I wanted to hit kind of the overall issue of water
25 transfers and do it very quickly and see what kind of issues

1 on the local community, the economic impacts. What generally
2 has been pointed out in discussions that we have had is that
3 even to the case of willing buyer, willing seller, the rural
4 community may not be represented in that exchange. It may be
5 between two irrigation districts and the rural community does
6 not have a voice on what's happening to the economic vitality
7 of the region. And also specific issues about transfers may
8 not, in fact, be wet water. They may be transferring surface
9 water only to overdraft the groundwater basin.

10 And so these kinds of issues are out there.
11 They're common to every one of the alternatives. And as we
12 move forward, we have to make sure that these issues are
13 addressed and resolved in some satisfactory fashion if
14 transfers are to be any part of California's water future.

15 So those are just some of the issues that we've
16 identified. It would be useful to have BDAC perhaps identify
17 a few more points that we need to make sure that are
18 expressed in issue papers as we move forward.

19 CHAIRMAN MADIGAN: Questions. Roberta and then
20 Judith.

21 MS. BORGANOVA: I just wanted to say that it's
22 pretty obvious that a lot of these questions that are coming
23 back up under all of these issues are going to go back to the
24 financial strategies. So you might want to give direction to
25 the fact group; at what point they look at that or does that

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1 come back to BDAC in general because I think that some of
2 those answers will -- could be answered in some of the
3 financial strategies. For example, third-party impacts.

4 MS. MCPHEAK: What would be your recommendation,
5 Roberta, how to address the issue you just raised?

6 MS. BORGANOVA: Maybe it's too soon to see because
7 none of the groups have met, and until the groups meet, maybe
8 there will be some issues that will lend themselves to having
9 a common discussion, the kind of thing we're trying to get at
10 today, and we just don't have enough information in front of
11 us. But some of those questions are definitely interrelated.

12 CHAIRMAN MADIGAN: In some instances I think that
13 the financial strategies are going to have to be responsive
14 in their input rather than perhaps creating a financial
15 strategy and then looking for some place to use it. So I
16 think that you're probably right.

17 Judith and then Alex.

18 MS. REDMOND: Just following up on Roberta's point,
19 it does seem as if the financial work group was going to talk
20 about the cost of various alternatives, and implementing a
21 number of the actions involved in those alternatives have had
22 to do -- you know, how do you implement them. It's going to
23 cost a different amount of money depending on how you
24 implement them. So it does seem that this is relative --
25 very important in terms of the financial analysis.

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1 But the main point I want to make is that I think
2 that water transfers is too narrow a definition of this issue
3 area. I think that all of those concerns that you mentioned,
4 Lester, regarding water transfers actually are a set of broad
5 concerns that have to do with a lot of the reallocation
6 issues that we're looking at. Allocation of major community
7 resource water away from agriculture is going to affect rural
8 communities.

9 And I think that land fallowing, land retirement,
10 water transfers, a lot of the issues that -- a lot of the
11 actions that have been put into the -- into these different
12 alternatives have to do with third-party and community
13 impacts. And so I think it's actually broader than water
14 transfers. I think that it's -- these concerns have to do
15 with the future of agriculture in the state and what kind of
16 agriculture we're looking at and what we want rural
17 communities to look like.

18 CHAIRMAN MADIGAN: So how would you scope it down
19 just ever so slightly from the future of agriculture on
20 California to expand the category of water transfers?

21 MS. REDMOND: I think we're talking about community
22 impacts of various actions in these alternatives.

23 CHAIRMAN MADIGAN: Okay. Alex. Thank you.

24 MR. HILDEBRAND: Well, I agree with what Judith has
25 just said. However, I'd go a little further on that in that

1 when you talk about transfers within a basin among users for
2 the same purpose, within agriculture, for example, there's
3 rarely any big problem. The problem is that the emphasis is
4 to provide water reliability for urban and RML purposes by
5 taking away agriculture. And so it's these transfers which
6 change the time, place and purpose of use that introduce the
7 problem.

8 Most of these alternatives include, for example,
9 purchasing 100,000 acre feet or more of water from the east
10 side of San Joaquin Valley. Well, now, those are purchases
11 from agricultural water use for fish flows. That means then
12 that the return flows that you would get from the agriculture
13 water use in the summer are lost. And you have an enormous
14 impact in terms of percentage of flow available in the main
15 stem of the river that results from losing those return
16 flows.

17 So it's -- these transfers have other problems
18 besides the immediate effect on the economy of the area from
19 which the water was bought. And to some extent, that's a
20 matter of defining whether you're buying water which
21 represents a decrease in consumptive use of water or whether
22 you're just shifting the time in which it comes down the
23 river in such a way that it -- you lose the multiple benefit
24 of the water. It comes down at a time you don't need it for
25 water quality, you don't need it for water flow for any

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1 purpose other than fish, and you're taking away from the
2 water needed for those purposes in another season.

3 CHAIRMAN MADIGAN: Stu.

4 MR. PYLE: If I can add onto the same discussion, I
5 think Judith was right. She made her statement and then you
6 asked her if she was talking really by community impacts.
7 And I think community impacts is too narrow for this subject
8 as you were talking about, all of the items in here, both you
9 and Alex, that relate to how do you take water in from
10 agriculture. We're talk about reallocation. We're talking
11 about a major impact on a major economic factor of
12 California, 50 billion dollars a year.

13 And if you're talking about reducing that
14 through -- by some significant percentage by moving water
15 out, whether it's done specifically by actions or whether it
16 just happens organically because that's the way the world is
17 going to change, is probably something that we ought to know
18 and be thinking about.

19 So somehow this should be a little wider and look
20 at the statewide implications and economic implications of
21 major reallocations of water from agriculture to other uses,
22 environmental and urban.

23 CHAIRMAN MADIGAN: My notion here is not to overly
24 restrict or limit or too narrowly define the issue simply in
25 an attempt to define the issue adequately. And if you think

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1 that community benefit is too narrow, that's okay with me. I
2 mean, this is an important issue, and we'll spend the time
3 and the effort on it that's necessary to scope it properly.

4 Lester has got some work ahead of him already in
5 terms of redefining this. I would guess that we could look a
6 month from now at a similar sort of working group on this
7 issue, although we're probably not at that point yet. But it
8 is a big one.

9 Alex, you wanted to continue.

10 MR. HILDEBRAND: I think we need to look at the
11 consequence to the food supply when you start making these
12 reallocations.

13 CHAIRMAN MADIGAN: I saw another hand. Who did I
14 see. Oh, okay.

15 Pat.

16 MR. MCCARTY: Mike, I just -- in listening to the
17 comments, this particular area is probably the one area
18 that's going to impact the redirected impacts most, and
19 that's one of our solution principals is that we will not
20 redirect impacts to other areas. And it seems to me we need
21 to spend a lot of time evaluating and quantifying what those
22 redirected impacts are on agriculture, on rural communities
23 in light of today's economics because we're dealing with
24 different economics today than we have in the past.

25 CHAIRMAN MADIGAN: Thank you. Sunne.

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2 COUNTY OF SACRAMENTO }

3 I, MELISSA LYNN HILL, a Certified Shorthand Reporter
4 of the State of California, do hereby certify:

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1 MS. MCPEAK: Lester, when you use the word,
2 "transfers," are you envisioning a market where the current
3 water rights holder has the say -- assuming the right has
4 been adjudicated -- but has the say on whether or not the
5 water is used for that particular owner's purpose or
6 transferred to another user, seller, but that the choice is
7 made by the water rights holder?

8 (Whereupon the reported proceedings of the
9 BDAC meeting were concluded at 1:45 p.m.)

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